

Annual Report
2015

EGE PROFİL
TİCARET VE SANAYİ A.Ş.

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Ergün Çiçekci
The General Director of Ege Profil San. ve Tic. A.Ş.



Dear Investors;

At a time when political & economic balances continually change, Ege Profil Tic. ve San. A.Ş. maintains its investments for growth & development with the utmost speed. Many companies experience financial problems currently but we determine high targets for ourselves and aim at further solidifying our company profile, which has a firm foundation on all subjects like production, investment, exportation and R&D studies.

Our company was one of Turkey's important brands during the year of 2015 that had large fluctuations but we nevertheless conduct researches aimed at developing both our brands and our sector with our vision to become the all-time leader. Especially during the recent years, we have been performing important studies for a "Sustainable Life", which the corporate culture or each individual should personally adapt. With the assurance provided by the world brand Deceuninck, we are currently erecting a new factory in the Menemen Organized Industrial Zone for increasing the manufacturing capacity of our products. The logistics center of our factory shall be erected on a closed area of 22.300 m2 on a 30.000 m2 and its managerial headquarters shall be erected on a closed area of 56.000 m2 on a 80.000 m2 land. We plan to take over our factory in the 2nd half of 2016, and it will be the most modern factory that can manufacture PVC doors and window profiles under a single roof. For years, our corporate culture has adapted a mission of sustainability to manufacture 100% recyclable products for a greener world and we build our new factory in this direction. In our new factory, we collect rainwaters, use PV solar panel and three generation systems, make investments based on a strategy of low energy consumption and we thus aim at becoming a productive enterprise as we always did.

After a challenging period, I would like to share my belief that everything will be better. With our investors, our business partners as well as our valuable employees, who carried our company until today with all their efforts, we will celebrate Ege Profile's 35 years of success in 2016. I wish many successful years with our brands, which gather the leading brands of Turkey's PVC sector and which were attentive to customer satisfaction in all brands.

I hereby extend my gratitude to all employees and business partners of the Ege Profile Family.

INDEPENDENT AUDITOR'S REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Ege Profil Ticaret ve Sanayi Anonim Şirketi

We have audited the accompanying consolidated financial statements of Ege Profil Ticaret ve Sanayi Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have not audited the financial statements of the Company's consolidated subsidiaries, namely, Deceuninck Importadora Limitada and Deceuninck do Brasil Comercio de PVC Ltda (Deceuninck Brasil), which represent 3,65% and 0,61% of the Company's total assets in the consolidated statement of financial position as of 31 December 2015, respectively, and also 4,31% and 0,1% of the net sales in the Company's consolidated statement of profit or loss and other comprehensive income for the year then ended, respectively.

Management's responsibility for the financial statements

Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards (TAS) published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. These standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ege Profil Ticaret ve Sanayi Anonim Şirketi and its subsidiaries as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on independent auditor's responsibilities arising from other regulatory requirements

1) Pursuant to Article 398 of the Turkish Commercial Code ("TCC") no. 6102, the auditor's report on early detection of risk system and the authorized committee is submitted to the Company's Board of Directors on 24 February 2016.

2) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to subparagraph 4, Article 402 of "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

**İstanbul,
24 Şubat 2016**

**BDO Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network**

**Erdal Aslan
Partner in Charge**

Ünvan	Ege Profil Ticaret ve Sanayi A.Ş.
Reporting Period	January 01 - December 31, 2015
Upper limit of Registered Capital	120.000.000,00 TL
Issued Capital	79.600.000,00 TL
Date of Registration	January 13, 1981, Turkey
Company Headquarters	Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 ÇIĞLI / İZMİR
Tax Office & Tax ID Number	Hasan Tahsin & 325 005 4933
Trade Registration Number	Karşıyaka 10289/K-2159
Trade Registration Office	İZMİR
Corporate Website	www.egeprofil.com.tr
Manufacturing Plant	İZMİR FABRİKA Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 ÇIĞLI / İZMİR Tel 0 232 398 98 98 / Fax 0 232 376 98 99
Manufacturing Plant	İZMİR (KOCAELİ) FABRİKA Kızılıklı Mahallesi İnönü Caddesi Suadiye Yolu Üzeri No:1 KARTEPE/ İZMİR (KOCAELİ) Tel 0 262 371 57 27 / Fax 0 262 371 57 28
India Branch	523 B Block, Mannur Village Sriperumpudur Talu 602 105 INDIA Tel & Fax No: + 919717707732
Chile (Subsidiary)	Centro Industrial Lo Boza 3G-3H Volcan Lascar 801 Pudahuel Santiago / CHILE Tel & Fax No: +56951498754
Brazil (Subsidiary)	Althera PVC Ltda. - EPP Rua Doutor Rodrigo de Barros 216 CEP 01106 020 Sao Paulo – SP BRAZIL CNP J 14.893.727/0001-50

REGARDING EGE PROFIL AND ITS AREA OF ACTIVITY

Ege Profil Ticaret ve Sanayi A.Ş. (the Company) is a company registered in Izmir. Principle area of activity for the Company is the manufacturing and sale of all types of plastic pipes, spare parts and all types of profiles and plastic goods.

Founded in 1981, Ege Profil, a leading figure in the Turkish PVC Profile Sector, continues its investments empowered by its brand history over a thirty years. The dynamics of the sector have changed significantly in 2000, following the acquisition of the majority shares of our Company by the Deceuninck Group, one of the largest PVC Profile manufacturers in the world.

In 2004, with an agreement signed with Pilsa A.Ş., all commercial activities under the trade mark Winsa were transferred to Ege Profil Ticaret ve Sanayi A.Ş. Manufacturing activities under the brand name Winsa have commenced in 2008 at Winsa Kocaeli Facilities, that are constructed with state-of-the-art technology.

The confidence and market know-how associated with the Egepen Deceuninck and Winsa brands; were integrated with the customer-oriented approach, sense of high technology and quality possessed by the Deceuninck Group. Deceuninck NV, a group that is integrated worldwide, specializes in compound, design, development, extrusion, finishing and recycling areas. The Group summarizes its quality and service approach as a "passion to achieve excellence".

Ege Profil has demonstrated high performance since 2001, achieving a continuous growth. Behind this success, the role of the market experience and the employee motivation is significant. In the company where a flat organization structure is prevalent, employees from all levels are encouraged by the management in taking initiatives, as well as sharing their authorities and responsibilities.

The young and dynamic personnel of Ege Profil continue to set trends in the Turkish market, aligned with the global leadership mission of Deceuninck. Training opportunities provided to the employees, the importance placed on R&D activities, quality policies that are being implemented, and the large know-how sharing help secure the inevitable success of the Group.

Our Company operates in the PVC profile sector under two brand names, Egepen Deceuninck and Winsa. The products, production facilities and sales-marketing channels of both brands are established separately.

The factory in Izmir, with an indoor area of 15,000 m² and a machinery pool with a capacity of 59.841 tons, manufactures Egepen Deceuninck products without compromising the worldwide quality standards in manufacturing and utilizing eco-friendly processes; whereas the Kocaeli (Izmit) factory is manufactures Winsa products with an indoor area of 34.231 m² and a machinery pool with a capacity of 41,490 tons. Moreover, both brands have Regional Directorates in Izmir, Istanbul, Ankara and Adana.

REGARDING EGE PROFIL AND ITS AREA OF ACTIVITY

There are up to 250 manufacturer dealerships and around 550 sales points for the Winsa brand, while up to 450 manufacturer dealerships and around 1850 sales points for the Egepen brand. As Ege Profil, our position in the world market is gradually moving up day by day. Having commenced its operations as a branch with one warehouse in India, Ege Profil participated in the company titled Deceuninck Importadora Limitada in Chile with 99.9% shares in the year 2013 and continued its operations in developing markets in 2014 with the acquisition of Althera PVC LTDA, a firm operating as a distributor in Brazil.

In 2013, with our Winsa brand, we have entered in the aluminum industry.

With new products and technological developments, dealership training seminars, on-the-job business training sessions and technical publications, the customer expectations are being met at the highest level. Today, having the widest product range in the industry, our company performs manufacturing activities using more than three hundred PVC profile molds that are developed in-house. Our growing sales figures, supported by the confidence our dealers have in our brands and their efforts to meet customer expectations, establishes our dominance over our competitors.

In the year 2015, we have decided to move our Izmir Facility in which we operate since 1981, to the Menemen Plastics Specialized Organized Industrial Zone, to enable the implementation of changing technologies and due to the infrastructure it offers. Construction works have commenced in August 2015 for the facility to be constructed as an indoor area of 67,000 m² over a total open area of 110,000 m². With the new facility, the objective is to increase the capacity of the existing Izmir facility to 65.000 tons/year in the first stage and maintain the power of Ege Profil in terms of tonnage and quality in domestic and overseas markets.

Among the countries with which we conduct import and export operations are European countries, American countries, Asian countries, African countries and the continent of Australia.

THE COMPANY'S MISSION, VISION AND STRATEGIC OBJECTIVES

For a sustainable future,

Why? Our Main Objective;

Innovative and Pioneering

Our goal is to convey our knowledge and expertise to your residences and to increase the comfort of your lives with the support of our expert staff and by manufacturing high quality and innovative products. We are working intensely to protect your residences and your loved ones from the adverse external conditions and we are offering you our new products by keeping up with the state-of-the-art technologies. As the manufacturing, installation and maintenance of our systems are considerably simple, all our products are manufactured in a manner that would meet your highest expectations in order to achieve maximum customer satisfaction.

Ecology

Our goal is to support all our customers to ensure an efficient energy use in the construction of the structures. That's why all our products are well insulated, durable and low-maintenance. In order to preserve the nature's form, our products are manufactured to cause minimum ecological footprint and have a recyclable structure.

Design

Our goal is to help you express your own style in the architecture and improve the beauty of your living spaces. Our products have a timeless design which will meet your expectations with its wide range of colors including the colors of nature, and with its natural textured and unique surface finishes.

Our Employees and Customers

We create a transparent, honest and sincere work environment for all our employees and all our customers. In this way we establish long lasting relationships and keep employees' and customers' satisfaction at the highest levels. We place importance in quality, safety, environment and people, and we work with a team spirit.

How? Our Main Values

Integrity

We always tell the whole truth, and act frankly and sincerely throughout the entire communication process.

We provide direct and positive feedback in our relations with our cooperative partners.

We act together with our employees and partners with a team spirit.

When we take corrective and preventive actions, we admit our mistakes honestly and defend the truth to the end.

We say what we mean and we mean what we say. That's what makes us unique. nuruz. Düşündüğümüz ile söylediğimiz birbirinden farklı olamaz. Bizim özgünlüğümüz budur.

High Performance

Our performance is regularly measured by our personnel, our customers, the society and our shareholders.

With our passion to reach excellence we endeavor in all our business processes for continuous growth, and we proceed on our path with success without deviating from our main goals, values and vision.

We do what we say, we share what we do; this sums up our sense of responsibility and discipline.

While aiming for high performance our priorities are always: Human, Environment, Quality, Service and Profit (HEQSP), in that order.

Profit is essential for a company to ensure its continuity.

During all stages of our business from production to after-sales period, we work to improve our performance every day.

Entrepreneurship

We are open to the world and to all ideas.

We recognize opportunities and we make use of them.

We create a trusting environment in terms of exercising authority, we anticipate the risks and manage all processes successfully by taking initiative.

We embrace the business as our own business.

We respect the decisions of all our employees, we encourage them to take responsibility and appreciate their efforts afterwards.

What? Our Passion

Our Culture

As a result of the corporate culture we've established, all our employees and partners end up being proud of working together. They perform their work in accordance with the principles of integrity, high performance and entrepreneurship.

Durable, Eco-Friendly Products

We strive to manufacture well-insulated, durable, high quality and recyclable products.

Leadership In The Industry

Our company is one of the leading organizations in its industry. It is among the top three companies with its broad market share. The basis for this achievement is high performance in quality and services and customer relations that are based on mutual trust.

A Powerful Financial Structure

Our company has a sustainable powerful financial structure. We transform all our activities to fiscal targets and successfully accomplish all of our goals.

CAPITAL AND SHAREHOLDING STRUCTURE:

Ege Profil Ticaret ve Sanayi A.Ş. (the Parent Company) is a company registered in Izmir. The principal area of activity for the Parent Company is the manufacturing and sale of all types of plastic pipes, spare parts and all types of profiles and plastic goods.

The Parent Company's address is:

Atatürk Organize Sanayi Bölgesi, 10003 Sokak, No:5, Çiğli - İzmir

As of December 31, 2015 and December 31, 2014, the shareholding structure of the Parent Company is as follows:

	31 December 2015	31 December 2014
Name	Shareholding Percentage	Shareholding Percentage
Deceuninck N. V.	97,54%	97,54%
Public Offering	2,46%	2,46%
Total	100,00%	100,00%

As of December 31, 2015, 2,46% of the Parent Company shares are being traded on Istanbul Stock Exchange.

Paid up capital:

As of December 31, 2015 and 2014, the Company's capital and shareholding structure is as follows:

	31 December 2015		31 December 2014	
Adı	TL	Share (%)	TL	Share (%)
Deceuninck N. V.	77.641.840	%97,54	58.100.520	%97,54
Public offering	1.958.160	%2,46	1.466.380	%2,46
Registered paid-up capital	79.600.000	100,00	59.566.900	100,00
Inflation adjustment difference	7.840.703		7.840.703	
	87.440.703		67.407.603	

In order to extend the terms of its financial liabilities to 4-5 years and increasing its share capital, Deceuninck NV entered into a Share Pledge Agreement on September 11, 2009 and accordingly created a pledge in favor of Fortis Bank NV/SA which is acting as a security agent, on a total of 16.980.361,712 shares of TL 0,01 nominal value each owned by Deceuninck NV and representing 28,5063% of the Company's capital as of September 15, 2009 and on a total of 41.120.158,313 shares of TL 0,01 nominal value each owned by Deceuninck NV and representing 69,0318% of the Company's capital as of September 16, 2009. Accordingly, there is lien put on approximately 97,5382% of the Company's capital, in favor of Fortis Bank NV/SA.

Pursuant to the amendment of the Share Pledge Agreement dated September 11, 2009 amended by the agreement dated July 16, 2012 to obtain Euro 140.000.000 refinancing, Deceuninck NV, acting as loan receiver pledged 58,100,520 shares representing 97,5382% of the Company's capital in favor of Fortis Bank NV/SA which is acting as security agent in accordance with the Share Pledge Agreement signed on the date August 16, 2012.

As of December 31, 2015 and 2014, number of employees listed by category is as follows:

	31 December 2015	31 December 2014
Administrative	238	167
Manufacturing	756	167
Total	994	744

OUR MEMBERS WHO WERE ASSIGNED TO THE BOARD OF DIRECTORS AND TO THE BOARD OF SUPERVISORS DURING THE YEAR OF ACTIVITY,

Members of board of directors and supervisors were determined at the Ordinary General Assembly Meeting on May 29, 2015; and they were elected to serve until the next ordinary general assembly meeting to be held in relation with the 2015 activities.

The Board of Directors

Tom A. Debusschere	Chairman of the Board of Directors
Ergün Çiçekci	Vice-Chairman of the Board of Directors
Wim Georges Clappaert	Member of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee Responsible for Auditing

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee for The Early Detection of Risks

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Director
Nurcan Güngör	Finance and Accounting Manager
Gülşah Karan	Finance Manager

The Corporate Governance Committee

Tom A. Debusschere	Chairman of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)

Auditing Committee, The Committee for the Early Detection of Risks and the Corporate Governance Committee convene once every three months and conducts its activities based on the commonly accepted principles, and aside from the aforementioned, there are no other written regulations indicating the procedures to be followed by them.

*At the meeting of the board of directors held on 08.03.2016, it was resolved to accept the resignation of Tom Anton Debusschere from the position of member and chairman of the board of directors and, appoint Francis Josef Willem Antoon Van Eeckhout, a Belgian citizen, to the position of chairman of the board of directors pursuant to article 363 of the Turkish Commercial Code, provided that this appointment shall be submitted to the first general meeting for approval, and the curriculum vitae of the said person is as follows.

**QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
AND AUTHORITIES AND RESPONSIBILITIES OF THE EXECUTIVES**

While there are no regulations in the company's articles of incorporation with regards to the selection criteria for the members of the board of directors, our current board members consist of people who possess the qualifications specified in the Corporate Governance Principles. There are provisions regulating the duties and authorities of the Board of Directors. While the powers and responsibilities of other executives are not included in the articles of incorporation, job descriptions defining the powers and responsibilities of all employees within our company, including the top executives, are determined.

Our company's top executives and assignment of their duties are as follows.

Ergün ÇIÇEKÇİ	Member of the Board of Directors and the General Manager
Nurcan GÜNGÖR	Director of Financial Affairs
Hüseyin KARAAHMET	Logistics and Purchasing Manager
Koen Kurt VERGOTE	Financial Analysis and Budget Manager
Tamer ÖZEN	Marketing and Sales Manager (Egepen Deceuninck)
Vehbi Cem KORKMAZ	Marketing and Sales Manager (Winsa)
Ethem GÖKMEN	Business Manager KYS Representative (Egepen Deceuninck)
Nuri ASLAN	Factory Manager (Winsa)
Ernis ALCA	General Manager Consultant (Egepen Deceuninck)
Ziyet GİTMEZ	Human Resources Manager
Hakan NURHAN	Aluminum Joinery Systems Marketing and Sales Department Manager

**BENEFITS GRANTED TO THE MEMBERS OF THE BOARD
OF DIRECTORS AND THE TOP EXECUTIVES**

As of December 31, 2015, the sum total of the salaries and similar benefits provided to the Chairman of the Board and the members of the board, and top executives such as the general manager, general coordinator, assistant general managers during the current period amount to a total of 5.835.250 TL (December 31, 2014 - 4.929.487 TL).

**CURRICULUM VITAE
OF THE MEMBERS
OF THE BOARD OF
DIRECTORS**

Tom Debusschere

Tom Debusschere Comm. V, CEO permanent representative

Tom Debusschere is a Civil Engineer in Electro-Mechanics with an additional postgraduate degree in 'Industrial Engineering'. He started his career in 1992 as a Logistics Manager at Deceuninck. Starting in 1995, he worked for a period of 9 years at the American division of Dayton Technologies, where rose among the ranks to become the Vice President of Operations.

In 2004, he moved to the Belgian Unilin Group as the manager of Unilin Decor, a supplier of furniture parts affiliated with the Mohawk Group.

He was appointed as the Vice President of Marketing & Sales of Deceuninck on the date 1 December 2008.

He was appointed by the Board of Directors as the CEO of Deceuninck on the date February 6, 2009.

Also a member of the Belgian commission for Corporate Governance, he continues to hold board positions at EPPA (European PVC Window Profile and Related Building Products Association), EuPC (European Plastics Converters) and Essenscia (Belgian association of chemistry and life sciences).



Francis Josef Willem Antoon Van Eeckhout

Francis Josef Willem Antoon Van Eeckhout (1968) Comm. V, CEO permanent representative

Francis Josef Willem Antoon Van Eeckhout obtained a Master of Commercial Engineering at the Catholic University of Leuven in 1990.

In 1991 he obtained a licentiate in Applied Marketing in Aix en Provence. In 1992 he obtained a licentiate in Accountancy at the WHU in Koblenz.

From 1992 till 1993 he worked at the marketing department of Bahlsen Keksfabrik in Hannover.

From 1994 till 2011 he was managing director of Van Eeckhout NV (concrete), VVM NV (cement), Diamur NV (mortar) and Nivelles Beton NV (concrete).

Since 2012 he is managing director of Gramo BVBA (holding).



Wim Georges Clappaert'I

Wim Clappaert'I (1967), Director of Operations and Technology

He graduated from the Catholic University of Leuven Business Management program, and obtained a Master of Science degree in Mechanical Engineering. He started his career at Deceuninck in 1992. In 1996, he became the Production Manager of the Wilmington, Delaware (USA) Acro Extrusion facilities and demonstrated the best practices of Deceuninck.

In 1997, he was appointed as the Deceuninck Director of Operations in North America, Monroe, Ohio.

In 2000 he returned to Belgium and was appointed as the General Manager for the extrusion facilities located in Gits. In 2007 he left Deceuninck to serve as the Operations Director for the Insulation department of the company Unilin.

Wim Clappaert, has returned to Deceuninck as the Director of Operations and Technology as of December 1, 2014 and is currently holding administrative office.



Ergün ÇİÇEKÇİ

General Manager

He was born in Ödemiş, in 1954.

In 1975, he graduated from Istanbul Technical University, Mechanical Engineering program.

In 1979, he completed his graduate degree in Aston University which is located in Birmingham.

After completing his military service in 1981, he started working in the plastics industry and continued his career on various capacities and responsibilities in Mazhar Zorlu Group.

Since 1994, he has been serving as the General Manager of Ege Profil A.Ş.

Ergün Çiçekçi is a member of the Board of Directors since 2001.



Marcel Klepfisch SARL (Independent Member)

Marcel Klepfisch SARL permanent representative

Marcel Klepfisch graduated from the University of Antwerp – Faculty of Commercial Engineering.

Having extensive experience in crisis management, Kelpfisch became the Restructuring Manager of Deceuninck NV in the year 2009.

He worked as the CEO at Ilford Imaging, as a member of the Executive Committee at Vickers Plc, as the Chief Financial Officer of BTR Power Drives and as the Chairman of the Board of Directors in Pack2Pack.

He is currently a member of the London based Tower Brook's Management Advisory Board, Volution's Chairman of the Board of Directors in the UK, and the Chairman of the GSE Group in France.



Declaration of Independence - Marcel Klepfisch SARL (Independent Member)

I hereby declare that; I am a candidate to serve as an "independent member" within the framework of the criteria announced and stipulated by Ege Profil Ticaret ve Sanayi Anonim Şirketi (the Company) Board of Directors, the legislation, the articles of incorporation and the Corporate Governance Principles issued by the Capital Market Board and in this context;

- a) There is no direct or indirect employment, capital or material trade relationships established between the company, an affiliated party of the Company, legal entities that have relationships pertaining to the company's administration or capital with shareholders who hold an ownership of 5% or more in the Company; and me, my spouse or any of my blood relatives or persons I have an affinity relationship by marriage up to third degree,
- b) I have not been an employee or a board member in companies that conduct auditing, rating and consulting services for the company or in companies that monitor all or part of the company's operations and organization pursuant to agreements executed, during the last five years,
- c) I have not been a partner, employee or a board member in any of the companies providing material services or products to the company during the last five years,
- d) My shareholding rate in the company capital is less than 1% and I do not hold any preferred shares / any shares of the Company's capital,
- e) As seen in my curriculum vitae, I possess the professional training, knowledge and experience to fulfill my duties assigned to me due to my independent membership in the board of directors,
- f) I currently do not occupy a full-time position at public institutions and organizations,
- g) I can make positive contributions to the company activities; I will remain impartial in conflicts of interest among the company shareholders, and I have strong ethical standards, a professional reputation and experience that will enable me to make my decisions independently, in consideration of the rights of the stakeholders.
- h) I will allocate sufficient time for company business to the extent that I will be able to monitor the company's operations and fulfill the requirements in relation with the duties that I will undertake.

Yasemin Ünlü Romano (Independent Member)



Born in 1970, Istanbul, Yasemin Ünlü Romano obtained a Bachelor of Arts degree from Boğaziçi University Sociology program in 1994, and completed her Master of Business Administration graduate program in 1996, in University of San Diego, USA.

During the period between 1996 - 2000, she worked as a Product Manager at Nestlé SA; in 2000 - 2006, she worked in the capacity of Brand Manager for Unilever and as a Brand Development Manager responsible for Strategic Marketing, Communications and Innovations at Algida Turkey, and assumed duties as a team member of Algida Europe.

In 2006, she joined Ülker group as the Marketing Director responsible from the Category of Milk and Dairy products. In 2012, she joined Süttaş Group as the Assistant Director of Marketing responsible for Category in Turkey and the Marketing in the Balkans.

Yasemin Ünlü Romano is married and has 2 children.

Declaration of Independence - Yasemin Ünlü Romano (Independent Member)

- a) There is no direct or indirect employment, capital or material trade relationships established between the company, an affiliated party of the Company, legal entities that have relationships pertaining to the company's administration or capital with shareholders who hold an ownership of 5% or more in the Company; and me, my spouse or any of my blood relatives or persons I have an affinity relationship by marriage up to third degree,
- b) I have not been an employee or a board member in companies that conduct auditing, rating and consulting services for the company or in companies that monitor all or part of the company's operations and organization pursuant to agreements executed, during the last five years,
- c) I have not been a partner, employee or a board member in any of the companies providing material services or products to the company during the last five years,
- d) My shareholding rate in the company capital is less than 1% and I do not hold any preferred shares / any shares of the Company's capital,
- e) As seen in my curriculum vitae, I possess the professional training, knowledge and experience to fulfill my duties assigned to me due to my independent membership in the board of directors,
- f) I currently do not occupy a full-time position at public institutions and organizations,
- g) I can make positive contributions to the company activities; I will remain impartial in conflicts of interest among the company shareholders, and I have strong ethical standards, a professional reputation and experience that will enable me to make my decisions independently, in consideration of the rights of the stakeholders.
- h) I will allocate sufficient time for company business to the extent that I will be able to monitor the company's operations and fulfill the requirements in relation with the duties that I will undertake.

PROHIBITION OF COMPETITION AND TRANSACTION WITH THE COMPANY FOR THE BOARD OF DIRECTORS

Our company's articles of corporation do not contain any provisions regarding the prohibition of competition and operation with the company for the chairman and the members of the Board of Directors throughout the period and, without prior consent from the general assembly, they may not perform any transactions, whether personally or indirectly with the company, on behalf of or on account of themselves or others. Related provisions of the Turkish Commercial Code are applied when any such operation is detected.

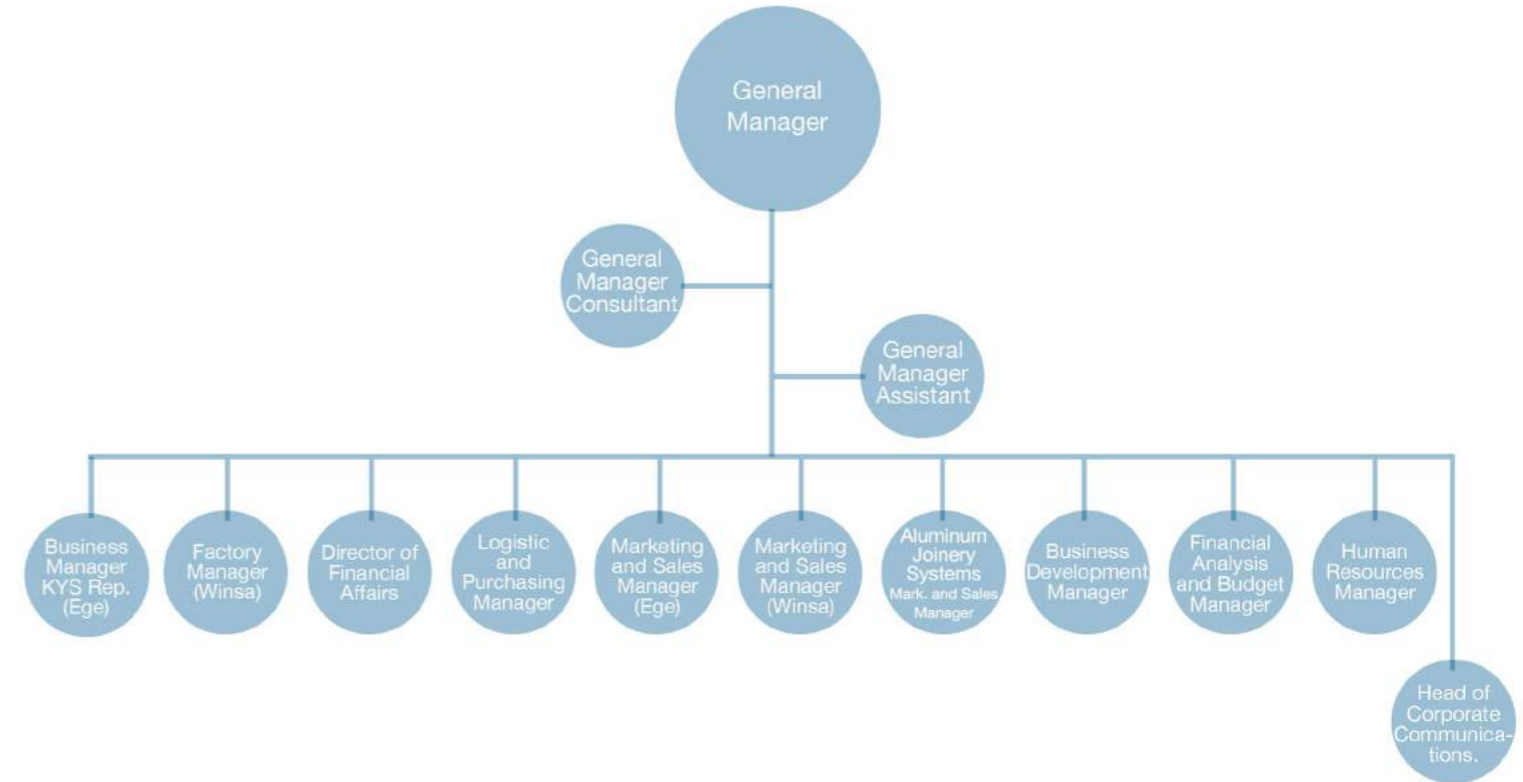
During our company's General Assembly, the authorities and powers listed in the articles 395 and 396 of the TCC have been granted to the Members of the Board of Directors.

Throughout the fiscal year 2015, the members of the board of directors have not performed any transactions in connection with the company, and have not been engaged in any attempts that may pose a competition against the company in its areas of activity.

Our company takes the energy policies being implemented in the World and in Turkey into consideration and we have R&D projects in order to develop low-energy consuming products as per our environmental awareness and as a part of our efficiency studies.

Our total R&D expenditure in 2015 is 573.027 TL (2014 - 537.899 TL).

ORGANİZASYON YAPISI



INVESTMENT ACTIVITIES

As of the end of 2015, the company has purchased fixed assets in the total amount of 51.438.934TL (€7.997.939,93).

1000 EURO & TL	31.12.2015	31.12.2014	DEĞİŞİM %
EURO	17.998	8.895	102
TL	51.439	25.418	102

INTERNAL AUDITING DIVISION

The internal auditing unit of our partner Deceuninck Group conducts audits in accordance with the annual audit plans that are established on annual basis, and reports the findings obtained from the audits. The relevant audits are conducted with regards to the compliance of the activities and the operations performed with the statutory regulations or the company policies.

The internal auditing unit has communicated the findings of its audit conducted on 14 June 2014 and identified the areas to be developed. The action plans related to those areas of development have been promptly implemented. Items that are related to the monitoring of the findings have been included into the next year's audit plan.

Furthermore, with the periodic internal audits performed within our company, it is being inspected whether the requirements of the TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management and TS 18001 Occupational Health and Safety Management Systems are being fulfilled or not, and the improvement works are commenced if and when required.

Moreover, our company which strives for continuous improvement by using simple production techniques, measures the in-plant order and organization on a team basis through monthly performed 5S audits.

Our company's goal is offering a healthier and safer working environment to the employees working for or on behalf of the company, dealerships, visitors and suppliers and protecting the environment during the normal course of its activities. In this regards, it works with a continuous improvement philosophy which complies with the legal requirements related to occupational health, safety and environment. In addition to the consultancy services we are outsourcing from an Occupational Safety Consulting company we are employing an Occupational Safety Specialist within our company staff.

Information Regarding Direct And Indirect Affiliates And Their Share Rates

Chile (Subsidiary): Centro Industrial Lo Boza 3G-3H
Volcan Lascar 801 Pudahel Santiago / CHILE
Tel & Fax No: +56951498754

Our company is a partner to the Company Deceuninck Imporata with a 99,9% share rate.

Brazil (Subsidiary): Althera PVC Ltda. - EPP
Rua Doutor Rodrigo de Barros 216
CEP 01106 020 Sao Paulo – SP BRAZIL
CNP J 14.893.727/0001-50

Our company is a partner to the Company Althera PVC Ltda. with a 100% share rate.

INFORMATION REGARDING THE COMPANY'S OWN ACQUIRED SHARES,

Unavailable

INFORMATION REGARDING THE PRIVATE AUDITS AND PUBLIC INSPECTIONS CARRIED OUT WITHIN THE YEAR,

There have been no audits conducted during the period of activity.

INFORMATION REGARDING THE LAWSUITS FILED AGAINST THE COMPANY AND THEIR PROBABLE RESULTS,

The cases for which our Company has been or might be held accountable are discussed with our legal consultants. There are no significant lawsuits filed against the Company and no debts or obligations concerning the Company.

INFORMATION REGARDING SIGNIFICANT ADMINISTRATIVE SANCTIONS AND PENALTIES IMPOSED AGAINST THE COMPANY AND THE BOARD MEMBERS DUE TO PRACTICES THAT ARE NON-COMPLIANT TO THE REGULATORY PROVISIONS,

Pursuant to the reports prepared on the tax examinations conducted in 2011 with regards to 2007 transactions by the Income Tax Department of the Ministry of Finance, the Company filed for a lawsuit at the 4th Tax Court of Izmir on April 30, 2012 against taxes and tax penalties amounting to TL 3.605.914 imposed on the Company on the date April 2, 2012.

Upon the hearing held on December 6, 2012, a portion of TL 2.358.150 out of the total amount in dispute has been annulled. The date of the hearing for the remaining amount has not yet been notified. As the existing legal position is backed up by evidence and does not violate the relevant legislative provisions, it is predicted that the court resolution will be in favor of the company. As a precautionary measure, the company has allocated a reserve of TL 536.260 in the financial statements of December 31, 2013 and 2012. The Supreme Court's decision is pending.

LEGAL AND ENVIRONMENTAL RISKS,

Our group is subject to different regulations in many different countries in which we operate. We as a group, continue to develop environmental policies and procedures in order to establish compliance with the environmental and local laws and regulations. As the management, we conduct studies to identify environmental risks on a regular basis and establish various systems to keep these risks under control. Our compliance with legal and environmental regulations which is a policy of utmost importance, has prevented our company or our governing body from facing any administrative or legal sanctions due to malpractice. During the 2015 fiscal year, we have not encountered any administrative or legal sanctions imposed against the company and the members of our governing body due to a breach of regulatory provisions.

INFORMATION AND ASSESSMENTS REGARDING THE OBJECTIVES SET FOR PREVIOUS PERIODS AND THE RESOLUTIONS OF THE GENERAL ASSEMBLY,

During the year 2015, we managed to fulfill the entirety of our general assembly resolutions and achieved our objectives by preferring sustainable growth and high value-added investments.

EXTRAORDINARY GENERAL ASSEMBLY MEETINGS HELD DURING THE YEAR OF ACTIVITY,

Not applicable.

EXPENDITURES MADE DURING THE YEAR OF ACTIVITY WITHIN THE SCOPE OF DONATIONS, FINANCIAL AIDS AND SOCIAL RESPONSIBILITY PROJECTS,

Our company, with the approval of the Management, may grant donations and financial aids to foundations, associations, training institutions and public institutions established for social, cultural, educational and sports activities within the framework of the criteria stipulated by the Capital Market Board and the Turkish Commercial Code. While making the donations, the relevant regulations of the Ministry of Finance are taken into account and it is ensured that the tax exempt entities are the institutions of choice. The type and amount of the donation as well as the institution or the Non-Governmental Organization to which the donation shall be made are determined in accordance to their compliance with social responsibility criteria. Additionally, the company may also grant donations to establishments such as foundations, associations etc. whose principal activities are related to the company's scope of operations. Regarding all donations and financial support that were given during the period, the partners are informed in detail during the Ordinary General Assembly Meeting for the relevant year. Within the framework of our company donation and aid policies, the donations and financial aid given during the year 2015 are;

Tema Foundation and changing the doors and windows of the primary school located in the Ağrı province Tezeren village.

DONATIONS	31.12.2015	31.12.2014
TL	22.883	96.938

RELATIONS WITH THE PARENT COMPANY AND WITH A COMPANY THAT IS AFFILIATED WITH THE PARENT COMPANY,

No relations were established without receiving an appropriate compensation as per Ege Profil Ticaret ve Sanayi A.Ş.'s ventures and interests. All legal transactions specified were conducted at arm's length.

No measures have been taken or avoided for the benefit of Deceuninck NV or its subsidiaries.

PLASTICS INDUSTRY IN THE WORLD AND IN TURKEY,

SECTOR PROFILE	PLASTICS
Firma Sayısı/Number of Companies	1.500
Employment (The Entire Plastics Industry)	275.000
Production (Construction Materials)	1.830 Thousand Tons
Consumption	1.192 Thousand Tons
Export	1,4 Billion USD
Import	373 Billion USD

Being one of the most dynamic and the strongest industries in Turkey, the plastics sector has continued to grow in 2014. The production of plastic construction materials which was 1,15 Million tons by weight in 2008, has reached 1,83 Million tons in 2014, maintaining its position in the total plastic manufacturing in terms of quantity and value with 22% share. The production of plastic construction materials in Turkey which was 1,78 Million tons by weight in 2013 has seen 2,8% growth in quantity in 2014. The domestic consumption of plastic construction materials in Turkey which was 755 thousand tons in 2008, has reached 1 Million 192 Thousand tons in 2014. In 2014, the domestic Market consumption was increased by 4,3% in quantity compared to 2013. The total export of plastic construction materials which was 30,46 Billion USD by value in 2009, has continued its gradual and steady growth in the following years. The total export of plastic construction materials was 43,7 Billion USD by value in 2013.

WORLD'S PLASTIC CONSTRUCTION MATERIAL IMPORT AND EXPORT FIGURES (2008-2013) (THOUSAND USD)

YEARS	EXPORT	CHANGE(%)	IMPORT	CHANGE(%)
2008	36.726.533	10,46	35.444.065	10,94
2009	30.457.937	-17,07	29.179.881	-17,67
2010	34.076.657	11,88	32.668.819	11,96
2011	40.347.240	18,40	37.992.187	16,29
2012	40.956.852	1,51	38.855.517	2,27
2013	43.696.560	6,69	41.988.807	8,06

Source: International Trade Center
Product HS Code: 3917-3918-3922-3925

In plastic construction materials exporting, China takes the top spot with an export volume of 7,3 Billion USD. Following China, Germany and USA are other major exporting companies. Turkey has earned the eight place with an export volume of 1,37 Billion USD. As for the rankings in plastic construction materials importing, USD takes the top spot with an import volume of 4,65 Billion USD. Germany, France, Canada and England are among the other prominent countries in terms of importing.

TOP 10 COUNTRIES IN THE WORLD IN PLASTIC CONSTRUCTION MATERIAL IMPORT (2013) (MILLION USD)

RANK	COUNTRIES	EXPORT	RANK	COUNTRIES	IMPORT
1	China	7.299	1	USA	4.649
2	Germany	6.637	2	Germany	3.073
3	USA	3.583	3	France	1.494
4	Italy	1.924	4	Canada	1.483
5	Poland	1.882	5	Mexico	1.477
6	Belgium	1.476	6	England	1.425
7	France	1.416	7	Russia - CAC	1.381
8	Turkey	1.372	8	Belgium	1.187
9	England	1.273	9	Çin	1.089
10	Czech Republic	1.217	10	Holland	1.064
11	Netherlands	1.202	23	Turkey	387

Source: UN Comtrade
Product HS Code: 3917-3918-3922-3925

Turkey's export of plastic construction materials maintains its trend to increase throughout the years. The export figures which were 990 Million USD in 2008, surpassed the Billion USD mark in 2011. Export has reached 1,37 Billion USD in 2013. In 2014, the export has shown a 3,3% increase to reach 1,42 Billion USD.

TURKEY'S EXPORT MARKETS IN PLASTIC CONSTRUCTION MATERIALS TOP FIVE COUNTRIES (THOUSAND USD)

RANK	COUNTRIES	2013	2014	CHANGE %
1	Irak	347.985	266.191	-23,5
2	Russia	139.546	131.364	-5,9
3	Türkmenistan	58.236	95.287	63,6
4	Azerbaijan	71.094	63.261	-11,0
5	Georgia	52.451	59.322	13,1

Source: Turkish Statistical Institute
Product HS Code: 3917-3918-3922-3925

Source: Turkish Construction Industry Report (2014)

The independent audit report of our company can be found in the attachment.

MAJOR FINANCIAL AND OPERATIONAL INDICATORS

The following are certain information in the consolidated financial statements of our Company dated 31.12.2015, compared to the previous period.

REVENUE

1000 TL	31.12.2015	31.12.2014	CHANGE %
Domestic	385.487	323.740	64%
Foreign	88.303	54.253	118%

IMPORT & EXPORT

1000 EURO	31 December 2015	31 December 2014	CHANGE %
Domestic	21.047	18.134	(16%)
Foreign	59.682	37.503	(59%)

FINANCIAL RATIOS

LIQUIDITY RATIOS	31 December 2015	31 December 2014
Current Ratio	2,01	1,53
Acid Test Ratio	1,74	1,26

PROFITABILITY RATIOS	31 December 2015	31 December 2014
Gross Profit Margin	0,25	0,26
Return on Equity	0,13	0,12

Lead Auditor in Charge

FINANCIAL RATIOS		
LEVERAGE RATIOS	31 December 2015	31 December 2014
Total Debt to Equity Ratio	1,53	1,17
Total Debt to Total Assets Ratio	0,60	0,54
Equity Ratio	0,40	0,46
Short Term Debts to Total Assets Ratio	0,36	0,47
Long Term Debts to Total Assets Ratio	0,24	0,07

EFFICIENCY RATIOS		
	31 December 2015	31 December 2014
Receivables Turnover Rate	2,09	1,99
Inventory Turnover Rate	6,63	6,67
Assets Turnover Rate	0,85	0,92

Capital management

When managing the capital, the objective of the Company is to return profits to its partners, give benefits to other shareholders and ensuring the continuation of the Company's operations to maintain the most suitable capital structure in order to reduce capital costs.

As with other companies in the industry, the Company monitors the debt to capital ratio in capital management. This ratio is obtained by dividing the net debts by the total capital. The net debts are calculated by deducting cash and cash equivalents from the total debts (the sum total of short term and long term obligations specified in the financial position charts). The total capital is the sum of the equities specified in the financial position charts.

	31 December 2015	31 December 2014
Total Debts	335.564.890	220.479.209
Cash and equivalents (-)	(91.327.968)	(18.759.098)
Net debt	244.236.922	201.720.111
Total equity	219.788.949	188.899.795
Debt / Capital Ratio	111%	106%

PROFIT DISTRIBUTION/RETENTION SUGGESTION

Our company's profit distribution policy is explained on the attached corporate governance principles compliance report Part 1, Article 6.

As a result of our Company's activities for the year 2015; as soon as the profit distribution/retention suggestion is determined in accordance with the financial statements approved with independent audit report issued on the basis of the Turkish Accounting Standards / Turkish Financial Reporting Standards and the annexes and interpretations thereof (TAS/IFRS) - which have been prepared pursuant to the provisions of the "Communiqué On The Principles Regarding Financial Reporting in the Capital Market" (Communiqué) Serial no II, 14.1 of the Capital Market Board which was published on the Official Gazette no. 28676 dated June 13, 2013 and promulgated by the Public Oversight Accounting and Auditing Standards Authority (POA) with reference to the article 5 of the Communiqué - it shall be announced through a Material Disclosure in the PDP (Public Disclosure Platform).

FINANCIAL RISK MANAGEMENT

Our company's financial risk management has been explained in Article 29 of the independent audit report attached to our activity report .

Independent Auditor's Report On Consolidated Financial Statements



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BDO Denet Bağımsız Denetim
Yeminli Mali Müşavirlik Anonim Şirketi
Tic. Sicil Numarası : 254683
Mersis Numarası : 0291001084600012
Şirket Merkezi : Eski Büyükdere Cad. No:14
Park Plaza Kat:4
34398 Maslak/İstanbul
Turkey

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of
Ege Profil Ticaret ve Sanayi Anonim Şirketi

We have audited the accompanying consolidated financial statements of Ege Profil Ticaret ve Sanayi Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have not audited the financial statements of the Company's consolidated subsidiaries, namely, Deceuninck Importadora Limitada and Deceuninck do Brasil Comercio de PVC Ltda (Deceuninck Brasil), which represent 3,65% and 0,61% of the Company's total assets in the consolidated statement of financial position as of 31 December 2015, respectively, and also 4,31% and 0,1% of the net sales in the Company's consolidated statement of profit or loss and other comprehensive income for the year then ended, respectively.

Management's responsibility for the financial statements

Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards (TAS) published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. These standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



BDO Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş., a Turkish joint stock company, is a member of BDO International Limited, a UK company, in Turkey, and is part of the International BDO network of independent member firms.

Gözetim ve denetim için BDO Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş. tarafından BDO International Limited'in ağırlıklı bir hissedarı olan BDO Denet Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş. tarafından gerçekleştirilmiştir.



Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ege Profil Ticaret ve Sanayi Anonim Şirketi and its subsidiaries as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on independent auditor's responsibilities arising from other regulatory requirements

- 1) Pursuant to Article 398 of the Turkish Commercial Code ("TCC") no. 6102, the auditor's report on early detection of risk system and the authorized committee is submitted to the Company's Board of Directors on 24 February 2016.
- 2) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
- 3) Pursuant to subparagraph 4, Article 402 of "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Istanbul,
24 February 2016

BDO Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network



Erdal Aslan
Partner in charge

Consolidated Statements of Financial Position as of 31 December 2015 and 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated)

ASSETS	Notes	Audited 31 December 2015	Audited 31 December 2014
Current assets		408.788.266	292.705.710
- Cash and cash equivalents	4	91.327.968	18.759.098
- Derivative instruments	6	21.590	-
- Trade receivables	7	247.053.486	207.246.853
- Due from related parties	7,29	25.469.910	10.711.451
- Due from non-related parties	7	221.583.576	196.535.402
- Other receivables	8	715.074	11.191.053
- Due from related parties	8,29	-	10.500.000
- Due from non-related parties	8	715.074	691.053
- Inventories	9	55.899.102	50.669.213
- Prepaid expenses	10	1.195.139	640.408
- Current tax assets	11	3.713.927	1.011
- Other current assets	18	7.877.249	3.001.723
SUB TOTAL		407.803.535	291.509.359
- Non-current assets held for sale	26	984.731	1.196.351
TOTAL CURRENT ASSETS		408.788.266	292.705.710
Non-current assets		146.565.574	116.673.294
- Other receivables	8	392.314	400.732
- Due from related parties		-	-
- Due from non-related parties	8	392.314	400.732
- Tangible assets	12	132.580.736	108.854.204
- Intangible assets	13	6.054.221	5.997.060
- Goodwill	14	773.352	773.352
- Prepaid expenses	10	6.764.951	647.946
- Deferred tax asset	27	-	-
TOTAL NON-CURRENT ASSETS		146.565.574	116.673.294
TOTAL ASSETS		555.353.840	409.379.004

The accompanying notes from an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position as of 31 December 2015 and 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated)

ASSETS	Notes	Audited 31 December 2015	Audited 31 December 2014
Short term liabilities		202.654.276	190.778.441
- Short term borrowings	5	20.332.414	22.040.641
- Short term portion of long term debts	5	34.427.138	59.830.099
- Derivative instruments	6	176.964	254.693
- Trade payables	7	101.154.499	69.752.215
- Due to related parties	7,20	6.433.318	1.188.172
- Due to non-related parties	7	94.721.181	68.564.043
- Employee benefit obligations	17	2.397.301	1.792.538
- Other payables	8	4.563	963
- Due to non-related parties	8	4.563	963
- Deferred income	10	38.622.608	33.205.016
- Current tax liability	27	-	7.248
- Short term provisions		4.067.113	2.981.981
- Short term provisions for employee benefits	17	1.523.937	958.031
- Other short term provisions	15	2.543.176	2.023.950
- Other short term liabilities	18	1.471.675	913.047
SUB TOTAL		202.654.276	190.778.441
- Liabilities related to asset groups classified as held for sale		-	-
TOTAL SHORT TERM LIABILITIES		202.654.275	190.778.441
Long term liabilities		132.910.615	29.700.768
- Long term borrowings	5	124.150.400	20.000.000
- Other payables		41.766	52.807
- Other payables to related parties		-	3.173
- Other payables to non-related parties		41.766	49.634
- Deferred income		-	-
- Long term provisions		3.222.303	3.313.205
- Long term provisions for employee benefits	17	3.222.303	3.313.205
- Other long term provisions		-	-
- Current period tax liabilities		-	-
- Deferred tax liability	27	5.496.146	6.334.756
TOTAL LONG TERM LIABILITIES		132.910.615	29.700.768

Consolidated Statements of Financial Position as of 31 December 2015 and 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated)

ASSETS	Notes	Audited 31 December 2015	Audited 31 December 2014
EQUITY		219.788.949	188.899.795
Equity attributable to the Parent Company		219.788.949	188.899.795
- Paid-in capital	19	79.600.000	59.566.900
- Capital adjustment differences	19	7.840.703	7.840.703
- Accumulated other comprehensive income/loss not to be reclassified in profit/loss		3.989.347	18.375.776
- Revaluation and remeasurement gains/losses		3.548.999	18.530.998
- Other gains/losses		440.348	(155.222)
- Accumulated other comprehensive income/losses to be reclassified in profit/loss		(95.864)	(19.296)
- Translation differences		(95.864)	(19.296)
- Restricted profit reserves		13.825.129	13.825.129
- Retained earnings / (Accumulated losses)	19	85.753.155	67.076.468
- Net profit/loss for the period		28.876.478	22.234.115
Non-controlling interest	2	-	-
TOTAL EQUITY		219.788.949	188.899.795
TOTAL LIABILITIES AND EQUITY		555.353.840	409.379.004

The accompanying notes from an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position as of 31 December 2015 and 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated)

	Notes	Audited 31 December 2015	Audited 31 December 2014
Revenue	20	473.789.530	377.993.876
Cost of Sales (-)	20	(353.419.302)	(279.504.123)
Gross Profit/Loss		120.370.228	98.489.753
General administration expenses (-)	21	(25.320.198)	(16.933.410)
Marketing expenses (-)	21	(55.047.283)	(44.599.877)
Research and development expenses (-)	21	(573.027)	(537.899)
Other operating income	22	29.406.077	11.583.479
Other operating expenses (-)	22	(25.306.175)	(10.695.202)
Operating Profit/Loss		43.529.622	37.306.844
Income from investing activities	23	498.010	264.085
Expenses related to investing activities (-)	23	(2.403.926)	(158.589)
Profit/loss shares in investments valued by equity		-	-
Operating profit/loss before financial expenses		41.623.706	37.412.340
Financial Income	24	6.078.005	1.893.058
Finansman expenses (-)	24	(14.730.530)	(11.469.690)
Profit/loss before tax from continuing operations		32.971.181	27.835.708
Tax expense/income from continuing operations		(4.094.703)	(5.601.593)
Tax expense/income for the period	27	(3.681.295)	(5.231.363)
Deferred tax expense/income	27	(413.408)	(370.230)
Profit/loss for the period from continuing operations		28.876.478	22.234.115
Profit/loss for the period		28.876.478	22.234.115
Other comprehensive income/(expense)			
Income and expense items not to be reclassified in profit or loss		573.191	96.830
Change in fixed assets revaluation fund		(27.975)	(372.998)
Actuarial gains and losses from pension plans	17	744.464	494.035
Deferred tax income / expense		(143.298)	(24.207)
Income and expense items to be reclassified in profit or loss		(76.568)	(29.488)
Change in foreign exchange translation differences		(76.568)	(29.488)
Other comprehensive income (After tax)		496.623	67.342
Total comprehensive income		29.373.101	22.301.457
Earnings per share in continuing operations	28	0,4844	0,3733

The accompanying notes from an integral part of these consolidated financial statements

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

	Note	Paid-in Capital	Equity Adjustment Differences	Restricted Profit Reserves	Actuarial (Losses) / Gains	Translation Difference
Balance as at 1 January 2014		59.566.900	7.840.703	13.825.129	(550.451)	10.193
Net profit for the period	17	-	-	-	-	-
Other comprehensive income/(expense)	10	-	-	-	395.229	(29.489)
Total comprehensive income/(expense)		-	-	-	395.229	(29.489)
Reclassification of retained earnings		-	-	-	-	-
Transfer to restricted profit reserves		-	-	-	-	-
Dividend payment		-	-	-	-	-
Revaluation fund transfer	17	-	-	-	-	-
Balance as at 31 December 2014		59.566.900	7.840.703	13.825.129	(155.222)	(19.296)
Balance as at 1 January 2015		59.566.900	7.840.703	13.825.129	(155.222)	(19.296)
Net profit for the period	17	-	-	-	-	-
Other comprehensive income	10	-	-	-	595.571	(76.568)
Total comprehensive income/(expense)		-	-	-	595.571	(76.568)
Reclassification of retained earnings		-	-	-	-	-
Transfer to restricted profit reserves		-	-	-	-	-
Revaluation fund transfer (From real estate sales)	17	-	-	-	-	-
Revaluation fund deferred tax effect	17	-	-	-	-	-
Revaluation fund transfer	17	-	-	-	-	-
Capital increase from internal sources		20.033.100	-	-	-	-
Effect of subsidiaries on retained earnings/accumulated losses		-	-	-	-	-
Balance as at 31 December 2015		79.600.000	7.840.703	13.825.129	440.349	(95.864)

	Fixed assets Revaluation Fund	Retained Earnings	Net Profit /(Loss) for the Period	Total Equity attributable to the Parent Company	Non-controlling Interest	Total Equity
Balance as at 1 January 2014	18.829.396	51.084.059	15.694.011	166.299.940	-	166.299.940
Net profit for the period	-	-	22.234.115	22.234.115	-	22.234.115
Other comprehensive income/(expense)	(298.398)	-	-	67.342	-	67.342
Total comprehensive income/(expense)	(298.398)	-	22.234.115	22.301.457	-	22.301.457
Reclassification of retained earnings	-	15.694.011	(15.694.011)	-	-	-
Transfer to restricted profit reserves	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-
Revaluation fund transfer	-	298.398	-	298.398	-	298.398
Balance as at 31 December 2014	18.530.998	67.076.468	22.234.115	188.899.795	-	188.899.795
Balance as at 1 January 2015	18.530.998	67.076.468	22.234.115	188.899.795	-	188.899.795
Net profit for the period	-	-	28.876.478	28.876.478	-	28.876.478
Other comprehensive income	(22.380)	-	-	496.624	-	496.624
Total comprehensive income/(expense)	(22.380)	-	28.876.478	29.373.101	-	29.373.101
Reclassification of retained earnings	-	22.234.115	(22.234.115)	-	-	-
Transfer to restricted profit reserves	-	-	-	-	-	-
Revaluation fund transfer (From real estate sales)	(14.959.619)	14.959.619	-	-	-	-
Revaluation fund deferred tax effect	-	1.400.911	-	1.400.911	-	1.400.911
Revaluation fund transfer	-	22.380	-	22.380	-	22.380
Capital increase from internal sources	-	(20.033.100)	-	-	-	-
Effect of subsidiaries on retained earnings/accumulated losses	-	92.762	-	92.762	-	92.762
Balance as at 31 December 2015	3.548.999	85.753.155	28.876.478	219.788.949	-	219.788.949

The accompanying notes from an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

CASH INFLOWS PROVIDED BY OPERATING ACTIVITIES	Dipnot Referansı	1 January- 31 December 2015	1 January- 31 December 2014
(Loss)/ profit before tax provision and monetary gains		32.971.181	27.835.709
Reconciliation of profit(loss) before tax and cash flows from operating activities			
(Gain) / loss on fixed asset sales	22	(1.905.915)	82.447
Depreciation and amortization	12,13,24	10.381.981	9.048.047
Inventory provision	9	1.268.796	740.233
Provision for doubtful receivables		6.877.400	3.566.921
Provision for termination indemnity		3.840	187.624
Provision for leaves		565.906	321.214
Forward exchange accrual (income)/expense, net	6	176.964	254.693
Unrealized foreign exchange difference (gains)/losses, net		3.281.582	3.496.576
Interest income	22,25	(3.813.457)	(2.996.640)
Interest expense	22,25	8.559.853	8.422.333
Provision for litigation	15	348.423	517.885
Warranty provision	15	170.803	118.215
Income accrual		-	-
Operating (loss)/profit before working capital changes		58.887.357	51.595.257
Working capital changes			
Change in inventories	9	(6.498.684)	(18.241.292)
Change in trade receivables (incl. balances due from related parties)	7	(34.918.655)	(50.896.928)
Change in trade payables (including balances due to related parties)	7	27.960.124	13.304.684
Change in other short term liabilities	17,18	1.163.391	(1.454.097)
Change in other payables	10	5.417.592	(1.371.242)
Change in other short term receivables	8	(24.021)	(532.296)
Change in other long term receivables	8	8.417	(153.630)
Change in other non-current assets	10	(6.117.006)	(601.886)
Change in other current assets	10	(9.143.176)	9.607.458
Change in assets held for sale	26	211.620	410.932
Collection of doubtful receivables	7	5.400.763	2.904.418
Taxes paid	11	(3.688.543)	(5.276.577)
Termination indemnities paid	17	(94.742)	(129.583)
Net cash inflows/(outflows) related to operating activities		38.564.437	(834.782)

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

CASH FLOWS FROM INVESTING ACTIVITIES	Notes	1 January- 31 December 2015	1 January- 31 December 2014
Acquisition of tangible assets	12	(51.438.935)	(25.418.137)
Acquisition of intangible assets	12	(213.133)	(117.548)
Revenue on fixed asset sales		19.392.308	157.550
Interest collected		3.813.457	2.996.639
Net cash outflows provided by/(used in) investing activities		(28.446.303)	(22.381.496)
Cash inflows/(outflows) related to financial debts, net		66.139.232	6.635.161
Interest paid		(4.356.393)	(3.381.435)
Dividend payment		-	-
Other financial liabilities		-	-
Translation difference		(76.567)	(29.489)
Actuarial gains/losses		744.464	494.035
Net cash outflows provided by/(used in) financing activities		62.450.736	3.718.272
Decrease in cash and cash equivalents, net		72.568.870	(19.498.006)
Beginning of the period	4	18.759.098	38.257.104
End of the period	4	91.327.968	18.759.098

The accompanying notes from an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

1. Organization and Principal Activities of the Parent Company

Ege Profil Ticaret ve Sanayi Anonim Şirketi (the Parent Company) is a company registered in Izmir. The main operations of the Parent Company are manufacturing and sales of all types of plastic pipes, spare parts, profiles and plastic goods. In the following sections, the Parent Company and its subsidiary will be collectively referred to as “the Parent Company and its Subsidiaries” or “the Group”.

The address of the Parent Company is as follows :

Atatürk Organize Sanayi Bölgesi, 10003 Sokak, No:5, Çiğli - İzmir

As of 31 December 2015 and 31 December 2014, the shareholding structure of the Parent Company is as follows:

Name	31 December 2015 Share percentage	31 December 2014 Share percentage
Deceuninck N.V.	% 97,54	%97,54
Public offering	% 2,46	%2,46
Total	% 100,00	%100,00

As of 31 December 2015, 2,46% of the Company shares is listed on Borsa Istanbul.

As of 31 December 2015 and 31 December 2014, the number of personnel by category is as follows:

	31 December 2015	31 December 2014
White collar	238	167
Blue collar	756	577
Total	994	744

Along with its Turkish operations, the Parent Company carries out sales activities through its subsidiaries in Chile and Brasil, and its branch office in India.

For re-financing purposes, the major shareholder Deceuninck NV acting in the capacity of loan receiver has pledged in favor of Fortis Bank NV/SA acting in the capacity of guarantee representative the entire number of its 58.100.520 shares representing 97,5382% of the Company's share capital as per the Share Pledge Agreement signed on 16 August 2012 upon amendment dated 16 July 2012 made on the Loan Agreement dated 11 September 2009.

The consolidated financial statements were approved by the Board of Directors on 24 February 2016. The General Meeting and relevant regulatory bodies have the power to amend the consolidated financial statements.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements

(i) Basis of Presentation:

Preparation of the financial statements

The Parent Company maintains its books of account and prepares its statutory financial statements in Turkish Lira in accordance with the prevailing commercial and financial legislation. The foreign subsidiaries and agencies maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the rules and regulations of the country in which they operate. The accompanying consolidated financial statements are prepared in accordance with the provisions of the “Communiqué Related to the Financial Reporting Principles at the Capital Markets” (Communiqué) Nr. II/14.1 of the Capital Markets Board (CMB) published in the Official Gazette dated 13 June 2013 Nr 28676, taking as basis the Turkish Accounting Standards /Turkish Financial Reporting Standards and the related appendices and interpretations (TAS/TFRS) put into effect by the Public Oversight Accounting and Auditing Standards Authority (POA) as per the Article 5 of the Communiqué.

The accompanying consolidated financial statements are presented in accordance with the principles the application of which is required by the announcement published in the weekly bulletin dated 7 June 2013 nr 2013/19 of the CMB.

The consolidated financial statements are based on the statutory records of the Parent Company and its Subsidiary and presented in TL in accordance with the TAS/TFRS with certain adjustments and reclassifications to provide a true and fair view of the Company's financial position.

The consolidated financial statement items other than land, land improvements, buildings, and forward exchange contracts are based on historical cost.

Functional currency and reporting currency

The Parent Company uses Turkish Lira (“TL”) as functional currency and reporting currency. The functional currencies used by the Parent Company's branch in India and its subsidiaries in Chile and Brasil are Indian Rupee, Chilean Peso, and Brazilian Real respectively. The items of the statement of financial position are translated at the foreign exchange rate valid at the reporting date; and the income and expense items are translated at the average rate of exchange for the period. Gains and losses arising from translation operations are stated in the “foreign exchange translation differences” account in the consolidated statement of profit or loss and other comprehensive income. The accompanying consolidated financial statements are prepared in TL including the financial statements as of 31 December 2015 and the prior period financial data used for comparison purposes.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ii) Companies included in the consolidation and their consolidation rates:

Parent Company:		
-	Ege Profil Ticaret ve Sanayi Anonim Şirketi	% 100
Subsidiaries:		
-	Deceuninck Importadora Limitada (*)	% 99,9
-	Deceuninck Brasil(**)	% 100

* Included in the accompanying consolidated financial statements by full consolidation method. The non-controlling shares representing 0,7% of the total capital is regarded immaterial, hence non-controlling interest is not calculated.

** 100% of the shares of Althera PVC LTDA- EPP, a company located in Brasil, are acquired by the Group at a total consideration of Euro 177.372,13 as of 23 October 2014. The Company title has been changed as Deceuninck do Brasil Comercio de PVC Ltda (Deceuninck Brasil) as of 13 July 2015. The subsidiary is included in the accompanying consolidated financial statements by full consolidation method.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(iii) Consolidation principles:

Full Consolidation Method:

- All items of the statement of financial position other than the paid-in capital of the Parent Company and its subsidiaries and their equities at the acquisition date are added, and inter-company balances are eliminated.
- The Parent Company's interest in the subsidiaries is set off against the Financial Assets account of the Parent Company and the Share Capital account in the subsidiaries.
- As of the acquisition date that an entity included in the consolidation becomes a subsidiary and in the subsequent share acquisitions, the acquisition cost of the Parent Company's shares in its subsidiary is set off against the value representing these shares in the equity account of the Subsidiary's statement of financial position drawn up according to fair value
- Shares other than Parent Company shares and Subsidiary shares are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling Interests" in the equity account group of the consolidated statement of financial position.
- The purchase and sales among the Parent Company and its subsidiaries and the profit and losses arising from these transactions are eliminated in the consolidated statement of comprehensive income. Profit and losses arising from the purchase or sale of marketable securities, inventories, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

(iv) Adjustment of Financial Statements during Hyper-Inflationary Periods:

Turkish Accounting Standard 29 (TAS 29) requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the previous periods be restated in the same terms. As per the resolution of the Capital Markets Board (CMB) dated 17 March 2005 Nr 11/367, the application of inflation adjustment on the financial statements is terminated in 2005. For that reason, the financial statements are prepared in terms of the purchasing power of the Turkish Lira as at 31 December 2004. The additions to non-monetary items subsequent to 1 January 2005 are stated at their nominal values.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(v) Adjustments:

Consolidated financial statements are prepared in accordance with TAS/TFRS, and the adjustments which are not stated in the statutory books are set out below.

- Depreciation adjustment related to the economical lives of tangible and intangible assets
- Adjustment of discounting the cost value of land, land improvement, and buildings to their market values
- Provision for doubtful receivables
- Warranty provision for sales
- Provision for litigation
- Adjustment of provisions for termination indemnity and leaves
- Adjustment related to purchasing turnover premium income
- Adjustment related to sales turnover premium payments
- Inventory provision
- Rediscount calculation for post-dated cheques, note receivable, notes payable, customers, and suppliers at the current interest rate
- Deferred tax adjustment
- Elimination of inter-group balances and transactions in accordance with the consolidation procedures

(vi) Comparative Information and Adjustment of Prior Period Financial Statements:

The Group's consolidated financial statements are prepared comparatively with the prior period in order to make financial position and performance evaluations. The Group's consolidated statements of financial position as of 31 December 2015 and 31 December 2014 are prepared comparatively. Similarly, the consolidated statements of comprehensive income, cash flows, and changes in equity for the period 1 January - 31 December 2015 and those for the period 1 January - 31 December 2014 are prepared comparatively.

Losses on fixed asset sales amounting to TL 158.589 previously presented in the statement of profit and loss of the prior period under other operating expenses are reclassified under expenses from investing operations.

Gains on fixed asset sales amounting to TL 264.085 previously presented in the statement of profit and loss of the prior period under other operating income are reclassified under income from investing operations.

These reclassifications have no effect on the net profit for the period

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(vii) Offsetting:

Offsetting financial assets and liabilities can only be made under the conditions where the offsetting transaction is legally allowed and the entity has an intention in this respect or where the acquisition of assets and fulfillment of liabilities are realized simultaneously.

(viii) Accounting Policies, Changes and Errors in Accounting Estimates:

The accounting policies applied by the Group are consistent with those applied in the prior year. Significant changes in accounting policies and significant accounting errors determined in the financial statements are treated retrospectively, and the prior year financials are restated. Changes in accounting policies are applied in the period of the change if they are related to the one period only; however, if they are related to the future periods, they are applied both in the period of change and the future period, prospectively.

The preparation of the consolidated financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in statements of income in the periods they become known.

Comments that may have significant effect on amounts recognized in the consolidated financial statements, and significant assumptions and evaluations made taking into consideration the real sources of the estimates valid at the reporting date or those that are likely to be made in the future are as follows:

a) Termination indemnity liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). As these plans are long term plans, the said assumptions include significant ambiguities. Provisions for employee benefits are elaborated in Note 2(x) and Note 17.

b) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties, are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered. The provisions made for doubtful receivables as of the reporting date are disclosed in Note 7.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(viii) Accounting Policies, Changes and Errors in Accounting Estimates (continued):

c) The Group management has made significant assumptions in parallel with the technical team's experience in determining the useful lives of machinery and equipment.

d) In calculating impairment, the physical status and aging of inventories are reviewed taking into consideration the technical personnel's opinion; and provision is made for items assumed unserviceable. In determining the net realizable value of inventories, inventory price lists and average discount rates of the year are used and assumptions are made in relation to sales expenses to be incurred in the future. As a result of these studies, provision is made for inventories whose net realizable value is less than the cost value as stated in Note 9.

e) The Group uses discount cash flows and independent valuation studies on land and buildings in making impairment analysis on assets. While making these analyses, the Group makes various assumptions in relation to its future operations and the discount rates to be used. As a result of these studies, it is concluded by the Group Management that there is no impairment in non-financial assets.

f) Deferred tax assets are recognized in the event that it is likely to settle temporary differences and accumulated losses through future taxable profit. In determining the amount of deferred tax assets to be recorded, significant assumptions and valuations need to be made in relation to the taxable profits that are likely to be generated in the future (Note 26).

g) The Group management takes into consideration in making provisions for litigation the probability and consequences of losing court cases in line with the legal consultants' opinion. The amount of provision deemed necessary by the Group management is determined using the data available and making the best possible assumptions thereon. The related disclosures are set out in Note 15.

h) In the light of legal consultants' opinion, the Parent Company has made the best possible assumptions for the amount of provision that would be necessary for a liability likely to arise upon the tax review made for 2007. The related disclosures are set out in Note 15.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ix) New and Revised International Financial Reporting Standards and Amendments:

During the current period, new and revised TAS/IFRS's effective from 1 January 2015 and the Group applied those that are related to its own fields of activity.

New and revised TAS/IFRS's effective from 1 January 2015

TAS 19 – Defined Benefit Plans: Employee contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014.

Annual Improvements to TAS/IFRS

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010—2012 Cycle" and "Annual Improvements - 2011—2013 Cycle". The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed as follows: i) Adjust the gross carrying amount of the asset to market value or ii) Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity, an entity that provides key management personnel services, is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ix) New and Revised International Financial Reporting Standards and Amendments (continued):

Annual Improvements - 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Basis for Conclusions on Fair Value Measurement

The portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities but also all other contracts in the scope of IAS 39. The amendment is effective prospectively.

IAS 40 Investment Properties

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Group does not expect that these amendments will have a significant impact on the financial position or performance of the Grup.

Standards and Interpretations not yet effective as of 31 December 2015

There are new standards and amendments to standards and interpretations issued but not effective for the accounting period ended 31 December 2015, and not applied in the preparation of the accompanying consolidated financial statements. Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Grup will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IFRS 9 - Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option liabilities and requires that the change in fair value of a fair value option financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ix) New and Revised International Financial Reporting Standards and Amendments (continued):

TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ix) New and Revised International Financial Reporting Standards and Amendments (continued):

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a “business” under TFRS 3 Business Combinations. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Disclosure initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ix) New and Revised International Financial Reporting Standards and Amendments (continued):

TFRS 14 Regulatory Deferral Accounts

The standard permits first time adopters of TFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Annual Improvements to TFRSs – 2012–2014 Cycle

In February 2015, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to “Annual Improvements - 2012–2014 Cycle”. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal Company) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 Financial Instruments: Disclosures

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)

TAS 19 Employee Benefits

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 Interim Financial Reporting

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(ix) New and Revised International Financial Reporting Standards and Amendments (continued):

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 15 Revenue from Contracts with customers

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods:

Financial instruments:

Financial instruments consist of the financial assets and liabilities stated below:

i. Cash and cash equivalents

Cash and cash equivalents consist of cash balances on hand, cheques matured at the year-end, cash at banks, and bank deposits with maturities less than 3 months. Acquisition costs and accrued interests of cash and cash equivalents are stated together in a lump sum figure.

Cash is composed of Turkish Lira and foreign currency balances. Turkish Lira balances are stated at their face values and the foreign currency balances are translated to Turkish Lira at the foreign exchange rate issued by the Turkish Central Bank at the reporting date. Bank accounts consist of demand deposit and time deposit accounts and the related interest accrued. Turkish Lira deposit accounts are stated at their carrying values and foreign currency accounts are translated into Turkish Lira at the foreign exchange rate issued by the Central Bank at the reporting date.

Cheques received are stated among trade receivables with maturities exceeding the reporting period and they are subject to rediscount in the reporting period.

Fair value

As the foreign currency cash and cash equivalents are translated into Turkish Lira at the foreign exchange rates of the reporting date, it is assumed that the fair values of these assets approximate their book values.

As the recorded values of cash and banks are converted into cash in very short terms, and there is no risk of impairment, their book values are assumed to approximate their fair values.

ii. Trade receivables

The notes and post-dated cheques classified among trade receivables are recognized at their carrying values after provisions for doubtful trade receivables are netted from the invoice total and they are carried at their net values discounted by the effective interest rates. Provision is made for doubtful receivables if there is clear evidence that the due receivables will not be collectible. The receivables deemed uncollectible are deleted from the records. Provision is the amount estimated by the Group management to provide for the potential losses that may arise from economic conditions or from the risk attributed to the account.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods:

Financial instruments (continued):

ii. Trade receivables (continued):

Fair value:

Discounted trade receivables for which provisions for doubtful receivables are accrued are assumed to approximate the fair values of these assets.

iii. Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. In the financial statements, the Group's shareholders, companies owned by these shareholders, their executive staff and other groups known to be related are defined as related parties.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Financial instruments (continued):

iii. Related parties (continued):

Fair value

The carrying values of balances due to and from related parties are assumed to approximate the fair values of these assets and liabilities.

iv. Short and long term bank loans and trade payables

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the reporting date, discounted by the effective interest method.

Trade payables, other payables, and post dated cheques given which are recognized in trade payables are stated at their discounted cost values representing the fair value of future billed and unbilled amounts to arise from acquisition of goods and services.

Fair value

The fair values of short and long term bank loans are assumed to be equivalent to the recorded values computed by adding on the cost of these debts the accrued interest liabilities calculated at the effective interest rate as of the reporting dates. Similarly, discounted cost values of trade payables are considered to be equivalent to their fair values.

Inventories:

Inventories are stated at the lower of cost or net realizable value. Expenditures made to bring inventory to its current status are accounted for as follows:

The costs of raw materials and supplies are determined by weighted average cost method. The costs of finished and semi-finished goods are determined by weighted average cost method with the addition at certain rates of direct material and labor expenses as well as variable and fixed overhead. Net realizable value is the estimated selling price of an asset less the predictable costs of disposal.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Financial instruments (continued):

Tangible assets:

Tangible assets are stated at cost less their accumulated depreciation and impairment loss, if any.

Tangible assets have been restated using the measuring unit current at 31 December 2004 from the dates of acquisition. Acquisitions subsequent to 1 January 2005 are stated at their nominal values. Depreciation of tangible assets is made by straight-line method over the inflation-adjusted amounts and the nominal values of acquisitions subsequent to 1 January 2005 based on the economic useful lives of assets.

Tangible assets other than land, land improvements and buildings are stated at cost less accumulated depreciation and provision for impairment, if any. Land, land improvements and buildings are stated at their market value less accumulated depreciation. The difference between the cost value and the market value is followed up in the “Fixed Assets Revaluation Fund” account under equity together with its deferred tax effect. Fair value study was made on June 14, 2012 by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. licensed by the Capital Market Board. The fair values of the lands, land improvements and buildings have been determined according to market prices.

Furthermore, the difference between the depreciation based on the restated carrying value of the asset and the depreciation based on the acquisition value of the asset is transferred annually during the course of utilization from the fixed assets revaluation fund account to the retained earnings account.

Tangible assets are subject to depreciation at their cost values in accordance with the straight line method based on their economic lives.

The depreciation periods used in prior periods and as of the reporting date are as follows:

	31 December 2015 Period (Years)	31 December 2014 Period (Years)
Land improvements	2-40	2-40
Buildings	10-40	10-40
Furniture and fixtures	1-10	1-10
Machinery and equipment	1-25	5-25
Motor vehicles	5-8	5-8

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Financial instruments (continued):

Tangible assets (continued):

The cost value of a tangible asset comprises its acquisition price, import taxes, non-returnable taxes, and expenditures to ready the tangible asset for use. The expenses arising after the tangible assets start being used, i.e., maintenance and repair costs, are expensed in the period they are constituted. If expenditures provide economic benefit for future use of the related tangible assets, they are added onto the cost of the asset and depreciated for the remaining part of its economic life.

Intangible assets:

Intangible assets are stated at their cost values less accumulated amortisation and impairment losses, if any.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at 31 December 2004. Additions made subsequent to January 1, 2005 are stated at their nominal values. Intangible assets are amortized over their inflation-adjusted values and the nominal values of additions subsequent to 1 January 2005, as per their useful lives.

Intangible assets mainly consist of outsourced licences, trademarks, industrial software, dealer list, software licence right, and other rights and they are capitalized over the market value determined during the trade operations as per the TFRS 3 “Business Combinations”. The positive goodwill arising as a result of the establishment of the related business combination as well as the trademarks, and outsourced licences are not subject to amortisation as their economic lives cannot be estimated; however, the impairment losses in the carrying value, if any, are reviewed each year.

Other intangible assets are software licensing right and other rights which are amortized by straight-line method over an expected economical life of 3-20 years. The carrying values of these intangible assets are analyzed for impairment if and when the conditions change.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Financial instruments (continued):

Non-current assets held for sale:

The non-current assets held for sale represent real estate obtained from debtors in default to cover their liabilities to the Group. These assets are carried at the lower of carrying amount stated in the Group's records and their market values assigned to title deeds. When the right of use of an asset is obtained by court decision or by the consent of the customer, the related total of doubtful trade receivables are set off from the value determined in expertise reports and classified under the non-current assets held for sale account. The difference between the fair value of the asset and the amount of trade receivable is recognized in the statement of income. The Group does not provide for depreciation of these assets unless they are used in the Group operations. When the assets are sold, the difference between the sales income and the carrying value of the asset is recognized in the profit or loss and other comprehensive income.

Assets and liabilities in foreign currency:

Assets and liabilities in foreign currency are translated into Turkish Lira at the foreign currency rates announced by the Turkish Central Bank at the reporting dates. Transactions in foreign currencies during the period are translated into Turkish Lira at the actual rates applicable on the transaction date. Exchange gains and losses arising from these transactions are included in the statement of comprehensive income.

Exchange rates used at the reporting dates are as follows:

Date	TL / ABD USD	TL / Euro	TL / AUD
Buying rate of exchange			
31 December 2015	2,9076	3,1776	2,1154
31 December 2014	2,3189	2,8207	1,8894

Impairment of assets:

In case the book value of an asset exceeds its recoverable value, a provision for impairment loss is made so as to bring the book value of the asset down to the level of its fair value and it is recorded as expense in the statements of comprehensive income.

On the other hand, the recoverable value of cash generating assets is the higher of their net sales price and the value in use. The value in use of the said assets is the present value of the future cash flows expected from continuous use and sale of these assets, discounted at a reasonable discounted rate.

In the event that provisions made for impairment in the prior periods are no longer valid or higher than necessary, the excess amount is reversed and recognized in the statement of profit or loss and other comprehensive income.

However, the increase in the carrying value of the asset due to reversal of impairment provision is recognized only if it does not exceed the value of the asset where there is no impairment provision made during the prior years. The loss in carrying value arising from revaluation of fixed assets is initially stated as a liability net of the revaluation fund in equity; and if there is a remaining balance left from the total value decrease, it is stated as expense in the profit or loss and other comprehensive income.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Borrowing costs:

Borrowing costs are recognized as expense. Borrowing costs related to the qualifying assets are included directly in the cost of the related qualifying asset. Upon completion of the necessary operations to make the qualifying asset ready for use or sale, the capitalization of the borrowing costs is discontinued.

Deferred Taxes:

Deferred taxes are calculated on the temporary differences that arise between the deductible tax base and the book values of assets and liabilities, by using the liability method. The main temporary differences arise from the income and expense items recognised in different periods with respect to the TAS/IFRS and the tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated with the assumption that the Company will have taxable income during the future periods.

An enterprise should offset current tax assets and current tax liabilities if the enterprise has a legally enforceable right to set off the recognised amounts, provided that the tax assets and tax liabilities are subject to the tax legislation of the same jurisdiction.

Income taxes :

Under the Turkish Taxation Code, a company that has its head office or place of business in Turkey is subject to a corporate tax.

Corporate earnings are subject to corporation tax at a rate of 20%. No withholding is calculated for tax-exempt income unless distributed. Exempted or not, dividends paid in cash to real persons with full liability and real persons and entities with limited liability (non-residents) are subject to income tax withholding at a rate of 15%. Addition of current year and prior year profits (retained earnings) to share capital has not been regarded as distribution of profits and therefore no withholding tax is applicable to these earnings. On the other hand, no withholding tax is applicable to entities with full liability in profit distributions.

Further, provisional corporation tax is paid at a rate of 20% on the profits declared for interim periods to be deducted from the corporation tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

The branch and subsidiaries established outside of Turkey are subject to the tax legislation of the host countries.

The investment incentive document for transfer/extension of a newly started investment of the Parent Company in Menemen Plastics Expertise Organized Industrial Zone has been approved by reference number 18.09.2015- 120630. As the area of investment is an "Expertise Organized Industrial Zone", the process is furnished with 2nd region advantages. The incentive document is valid for 3 year and will expire on 25.08.2018 with the right of extending for a further period of 1.5 years.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Borrowing costs(continued):

As the Parent Company has started the investment prior to 31 December 2015, the tax deduction is applied at a rate of 55% and the participation rate is 20%. In calculating Corporate Tax related to the period ending 31 December 2015, the Parent Company considers tax deduction rates for the expenditures realized in the investment and benefits from reduced Corporate Tax.

The Parent Company shall be entitled to benefit from the Employers National Insurance Contribution for a period of 3 years subsequent to receipt of investment incentive document completion visa and after SSI workplace registry number is recorded on the incentive document. The amount of Employers National Insurance Contribution utilized shall not exceed 15% of the total amount of fixed investment realized. The Parent Company benefits from income tax exemption and VAT exemption in import and local machinery procurements within the scope of Investment Incentive Document.

As of 31 December 2015 and 2014, income tax provisions have been made in accordance with the prevailing tax legislation.

Employee benefits:

Under Turkish Labour Law Article 25/II, the Company is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive termination indemnity, is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary for each year of service is TL 3.828,37 as of 31 December 2014 (31 December 2014 - TL 3.438,22).

Further to the above, provision is made in the financial statements for the subcontractor's employees as per contractual requirements.

The termination indemnity liability stated in the accompanying financial statements has been determined as per the recognition and valuation principles stated in "Employee Benefits" TAS 19. As the characteristics of the termination indemnity liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and various other assumptions.

- The dates that the employees will gain their pension rights are determined with respect to the current social security legislation considering their past employment durations.
- In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the termination indemnity upper limit determined by the Labour Law for 31 December 2015, the termination indemnity upper limit, to remain constant for restatement purposes, and this value is reduced by the actual discount rate of 3,8% (31 December 2014 – 3,49%) calculated based upon the assumption that the expected annual inflation rate will be 6,5% (31 December 2014 – 6%) and the expected discount rate will be 10,50% (31 December 2014 – 9,7%) which represents the proposed average interest rate per annum of the government bonds in order to determine the current net value of the determination indemnity liability at the reporting date.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Revenue and expenses:

The accrual basis of accounting is applied for the recognition of revenues and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Interest revenue accrual is calculated over the effective interest rate. In the event that there is unpaid interest accrual before acquisition of a marketable security bearing interest, the interest collected subsequently is allocated to periods before and after acquisition, and only the part that relates to the period after acquisition is recognized as income in the financial statements.

Dividend income is recognized when the right to receive the dividend is established.

Revenue:

Revenue is measured at the fair value of the consideration received or to be received.

Revenue from the sale of goods is recognized when the entity transfers to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Financial derivatives:

The Group makes forward exchange contracts. The said forward contracts made for hedging purposes as per the Group's risk management policies are not deemed sufficient for hedge accounting in accordance with the TAS 39 (Financial Instruments: Recognition and Measurement); hence, they are defined as "held for trading" and stated in the financial statements in the other short term financial liabilities and assets at their market values while the changes in market values are reflected to the statement of profit or loss and other comprehensive income

Earnings / (loss) per share:

Earnings/(loss) per share is calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding during the period.

Enterprises in Turkey can increase their capital through distributing bonus shares to their shareholders proportionate to their shareholding from retained earnings and differences arising from inflation adjustment in shareholder's equity. These bonus shares are regarded as issued shares in calculating earnings/(loss) per share. Hence, retroactive calculation is made to arrive at the weighted average number of shares in respect of the bonus shares.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Events after the reporting period:

When there are events after the reporting period which require adjustment, the Group adjusts the amounts stated in the financial statements in light of the prevailing conditions. When there are events after the reporting period which do not require adjustments, they are disclosed, if deemed necessary, in the related period.

Provisions, contingent assets and liabilities:

Provisions

Provisions are recognized only if there is a present obligation as a result of a past obligating event, it is probable that outflow of economic resources is required because of this obligation or the amount of obligation can be reasonably estimated.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the management.

Warranty provision

The Group provides replacement, maintenance, and repair services at conditions that conform to certain criteria. For the said commitment, the Group makes a provision of 2/1000 of its annual sales based on past experience.

Contingent liabilities and assets

The contingent liabilities are not recognized but disclosed unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized but disclosed where an inflow of economic benefits is probable.

Leases:

Financial lease

Finance leases transferring all risks and rewards of ownership of the leased asset are recorded at commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability (the finance charge is allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability). Financing expenses are recognised directly in the profit or loss and other comprehensive income. Capitalized leased assets are subject to depreciation over the expected useful life of the asset.

Operational lease

Leases where the lessee retains all risks and rewards of ownership are classified as operating leases. Operating lease payments are stated as expense in the statement of income throughout the lease period on straight-line basis.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

2. Presentation of the Consolidated Financial Statements(continued)

(x) Summary of significant accounting policies and valuation methods(continued):

Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-makers of the Group are identified as the General Manager and the Board of Directors.

For making strategic decisions for allocating resources and assessing the performance of operating segments, the chief operating decision-maker analyzes the results and operations based on customer groups carrying various risks and benefits. The breakdown of the Group's customer groups is as follows: Domestic market, exports, and other. Some assets, liabilities, income and expense items are managed centrally and therefore they are not included in the segment reporting.

Business combinations:

As of 21 October 2004, the Group acquired from Pilsa A.Ş. (Pilsa) the operations realized under the trade name of "Winsa". The Group recognized the identifiable assets and liabilities acquired as per the TFRS 3 "Business Combinations" at fair value on 1 December 2004 which is the effective date of the contract; and the difference between the acquisition cost and the fair values of the identifiable assets and liabilities net of deferred tax effect are recognized as goodwill in the statutory books.

As of 23 October 2014, the Group acquired 100% of the shares of Althera PVC LTDA- EPP, a company in Brazil, at a total consideration of Euro 177.372,13. The Group recognized the identifiable assets and liabilities acquired as per the TFRS 3 "Business Combinations" at fair value on 23 October 2014 which is the effective date of the contract; and the difference between the acquisition cost and the fair values of the identifiable assets and liabilities net of deferred tax effect are recognized as goodwill in the statutory books.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

3. Segment Reporting

Segment reporting for the period ended 31 December 2015 is as follows (TL):

	Local market*	Export market**	Common***	Total
Revenue	385.486.736	88.302.793	-	473.789.530
Finished goods	337.409.166	75.764.169	-	413.173.335
Trade goods	46.724.590	9.587.906	-	56.312.496
Other	1.352.980	2.950.718	-	4.303.698
Cost of sales (-)	(295.581.319)	(57.837.982)	-	(353.419.302)
Finished goods	(250.479.000)	(48.466.768)	-	(298.945.768)
Trade goods	(41.381.446)	(7.114.740)	-	(48.496.186)
Other	(3.720.873)	(2.256.475)	-	(5.977.348)
GROSS PROFIT/LOSS	89.905.416	30.464.811	-	120.370.228
General administration expenses (-)	-	-	(25.320.198)	(25.320.198)
Marketing expenses (-)	(27.047.685)	(16.332.135)	(11.667.460)	(55.047.283)
Research and development expenses (-)	-	-	(573.027)	(573.027)
Other operating income	-	-	29.406.077	29.406.077
Other operating expenses (-)	-	-	(25.306.175)	(25.306.175)
OPERATING PROFIT/LOSS	62.857.731	14.132.676	(33.460.785)	43.529.622
Income from investing activities	-	-	498.010	498.010
Expenses related to investing activities (-)	-	-	(2.403.926)	(2.403.926)
Shares in profits and losses of investments accounted for by the equity method	-	-	-	-
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSES	62.857.731	14.132.676	(35.366.701)	41.623.706
Financial income	-	-	6.078.004	6.078.005
Financial expenses	-	-	(14.730.530)	(14.730.530)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	62.857.731	14.132.676	(44.019.225)	32.971.181
Tax expense/income from continuing operations	-	-	(4.094.703)	(4.094.703)
Tax expense (-)/income for the period	-	-	(3.681.295)	(3.681.295)
Deferred tax expense (-)/income	-	-	(413.408)	(413.408)
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	62.857.731	14.132.676	(48.113.928)	28.876.478
PROFIT/LOSS FOR THE PERIOD	62.857.731	14.132.676	(48.113.928)	28.876.478

(*) Turkey

(**) EU countries, Middle-East countries, Turkic Republics, African countries, Other Asian countries and other countries

(***) Unallocated income/expense

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

3. Segment Reporting

Segment reporting for the period ended 31 December 2015 is as follows (TL):

	Local market*	Export market**	Common***	Total
Revenue	323.740.221	54.253.655	-	377.993.876
Finished goods	286.004.449	45.015.293	-	331.019.742
Trade goods	36.072.910	8.459.130	-	44.532.040
Other	1.662.862	779.232	-	2.442.094
Cost of sales (-)	(240.871.762)	(38.632.361)	-	(279.504.123)
Finished goods	(207.548.387)	(31.513.415)	-	(239.061.802)
Trade goods	(30.209.079)	(6.337.199)	-	(36.546.278)
Other	(3.114.296)	(781.747)	-	(3.896.043)
GROSS PROFIT/LOSS	82.868.459	15.621.294	-	98.489.753
General administration expenses (-)	-	-	(16.933.410)	(16.933.410)
Marketing expenses (-)	(22.106.770)	(9.997.687)	(12.495.420)	(44.599.877)
Research and development expenses (-)	-	-	(537.899)	(537.899)
Other operating income	-	-	11.583.479	11.583.479
Other operating expenses (-)	-	-	(10.695.202)	(10.695.202)
OPERATING PROFIT/LOSS	60.761.689	5.623.607	(29.078.452)	37.306.844
Income from investing activities	-	-	264.085	264.085
Expenses related to investing activities (-)	-	-	(158.589)	(158.589)
Shares in profits and losses of investments accounted for by the equity method	-	-	-	-
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSES	60.761.689	5.623.607	(28.972.956)	37.412.340
Financial income	-	-	1.893.058	1.893.058
Financial expenses	-	-	(11.469.690)	(11.469.690)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	60.761.689	5.623.607	(38.549.588)	27.835.708
Tax expense/income from continuing operations	-	-	(5.601.593)	(5.601.593)
Tax expense (-)/income for the period	-	-	(5.231.363)	(5.231.363)
Deferred tax expense (-)/income	-	-	(370.230)	(370.230)
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	60.761.689	5.623.607	(44.151.181)	22.234.115
PROFIT/LOSS FOR THE PERIOD	60.761.689	5.623.607	(44.151.181)	22.234.115

(*) Turkey

(**) EU countries, Middle-East countries, Turkic Republics, African countries, Other Asian countries and other countries

(***) Unallocated income/expense

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4. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	31 December 2015	31 December 2014
Cash	9.197	5.938
Banks		
- TL demand deposit	2.337.342	2.799.866
- Foreign currency demand deposit	-	28.207
- TL time deposit (*)	24.035.000	8.608.360
- Foreign currency time deposit (**)	61.105.890	3.320.597
Cheques received	3.840.539	3.996.130
Total (Note 30 (iv))	91.327.968	18.759.098

(*)As of 31 December 2015, the interest rate on TL time deposits is 11,09% (31 December 2014 – 10,05%) and the maturity date is 1 January 2016.

(**)As of 31 December 2015, the interest rates on foreign currency time deposits are 1,1% and 1,25% (31 December 2014 – 0,1%, 0,8%, 2,5%) and the maturity date is 1 January 2016.

The Group has no blocked cash and cash equivalents as of 31 December 2015 and 31 December 2014.

5. Financial Liabilities

Short term financial liabilities consist of the following :

	31 December 2015			31 December 2014		
	Amount in foreign currency	TL equivalent	Interest rate (%)	Amount in foreign currency	TL equivalent	Interest rate (%)
Short term bank borrowings		20.332.414			22.040.641	
TL loans (zero interest)		490.492			443.542	
TL loans		13.000.000	(**)6,59-12,25		20.000.000	
Euro loans	2.000.000	6.355.200	(*) 1,90			11,10
Interest accrued on short term loans		486.722			1.597.099	
Current portion of long term bank borrowings		34.427.138			59.830.099	
TL loans		-	-		23.000.000	
TL loans		18.000.000	(**)3-6,25		8.000.000	8-10,50
Euro loans	4.000.000	12.710.400	(*)2,15	9.000.000	25.386.300	3-6,25
Interest accrued on current portion of long term loans		3.716.738			3.443.799	3,65
Total (Note 30 (iii))		54.759.552			81.870.740	

(*) Interest payable at the end of the period; fixed interest rate.

(**) Interest payable every six months; fixed interest rate.

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5. Financial Liabilities (continued)

Long term financial liabilities consist of the following:

	31 December 2015			31 December 2014		
	Amount in foreign currency	TL equivalent	Interest rate (%)	Amount in foreign currency	TL equivalent	Interest rate (%)
Euro loans	4.000.000	12.710.400	(*)2,05-3	-	-	
Euro loans	25.000.000	79.440.000	(***) 3	-	-	
TL loans		32.000.000	(**) 12,5-6,25	-	20.000.000	13-6,25
Total (Note 30 (iii))		124.150.400			20.000.000	

(*) Interest payable at the end of the period; fixed interest rate.

(**) Interest payable every six months; fixed interest rate.

(***) Interest payable every six months; variable interest rate.

There is no guarantee given for the subject loans as of 31 December 2015 and 31 December 2014.

The repayment schedule of long term bank loans as of 31 December 2015 and 31 December 2014 is as follows:

	31 December 2015	31 December 2014
Less than 1 year	34.427.138	59.830.099
1-7 years (*)	124.150.400	20.000.000
Short term portion of long term borrowings (-)	(34.427.138)	(59.830.099)
Total long term financial liabilities	124.150.400	20.000.000

(*) The loan amounting to TL 124.150.400 stated among long term loans as of 31 December 2015 matures in 1 – 7 years (31 December 2014 – The loan of TL 20.000.000 matures in 1-3 years).

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6. Financial Derivatives

Other short term financial liabilities are as follows:

The Company has made forward exchange contracts during the period for hedging risks that may arise upon foreign currency fluctuations.

As of 31 December 2015, the total nominal value of the outstanding forward exchange and option contracts is USD 18.015.863 (31 December 2014 – USD 3.500.000) and AUD 1.000.000 (31 December 2014 – AUD 1.000.000), Euro 500.000 and CLP 4.329.486. In relation to these outstanding forward exchange contracts of the Parent Company, liabilities carried at current value in the consolidated financial statements amount to TL 176.964 (31 December 2014 – TL 254.693) and assets carried at current value amount to TL 21.590 (31 December 2014 – None).

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6. Financial Derivatives (continued)

The forward exchange and option contracts valid as of 31 December 2015 are elaborated below.

Base currency	Nominal value	Maturity	Forward exchange rate
ABD Doları	817.863	04.01.2016	2,8643
	948.000	04.01.2016	2,8643
	750.000	05.01.2016	2,9320
	750.000	05.01.2016	2,9320
	1.750.000	06.01.2016	2,9365
	750.000	07.01.2016	2,9057
	750.000	07.01.2016	2,9370
	750.000	08.01.2016	3,0040
	750.000	08.01.2016	2,9068
	750.000	11.01.2016	3,0078
	750.000	11.01.2016	2,9165
	500.000	12.01.2016	2,9380
	500.000	12.01.2016	2,9165
	1.000.000	13.01.2016	2,9355
	500.000	13.01.2016	2,9380
	500.000	14.01.2016	2,9420
	250.000	14.01.2016	2,9210
750.000	15.01.2016	2,9440	
1.500.000	19.01.2016	2,9403	
1.000.000	20.01.2016	2,9320	
1.000.000	25.01.2016	2,9278	
1.000.000	26.01.2016	2,9460	
Total	18.015.863		
Australian Dollars	1.000.000	08.01.2016	2,1161
Total	1.000.000		
Euro	500.000	04.01.2016	3,1840
Total	500.000		
Chilean Pesos (CLP)	4.239.486	29.01.2016	242,58
Total	4.239.486		

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7. Trade Receivables and Payables

Short term trade receivables consist of the following:

Trade receivables from related parties (Note 29)	31 December 2015	31 December 2014
Sub total	25.469.910	10.711.451
Trade receivables	20.964.893	23.627.589
Post-dated cheques and notes receivable	206.406.986	176.073.426
Rediscount on trade receivables (-)	(60.405)	(72.203)
Rediscount on notes receivable (-)	(1.888.856)	(1.516.625)
Rediscount on post-dated cheques (-)	(3.839.042)	(2.560.770)
Doubtful receivables	28.005.345	27.512.692
Provision for doubtful receivables (-)	(28.005.345)	(26.528.707)
Sub total	221.583.576	196.535.402
Total (Note 30(iv))	247.053.486	207.246.853

In calculating the discounted cost value for trade receivables, the effective interest rate used for TL is 11,74% (31 December 2014 – 10,02%); Libor and Euribor are used for USD and EUR, respectively.

Average maturity of trade receivables is 175 days (31 December 2014 – 183 days).

As of 31 December 2015 and 31 December 2014, changes in provision for doubtful trade receivables are set out in the table below (TL):

	31 December 2015	31 December 2014
Opening balance	26.528.707	25.866.204
Provisions no longer required (Note:21)	(5.400.762)	(2.904.418)
Current period provision expense (Note:21)	6.877.400	3.566.921
Total	28.005.345	26.528.707

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7. Trade Receivables and Payables (continued)

As of 31 December 2015 and 2014, overdue trade receivables for which no provision is made (including balances due from related parties) consist of the following. As of 31 December 2015 and 2014, the collaterals received from related entities cover the uncollected receivables; hence no additional provision is made in relation to these amounts in the accompanying financial statements.

	Overdue receivables with no provisions						
	Total	Outstanding receivables	30 days past due	30-60 days	60-90 days	90-180 days	180 days past due
31 December 2015	247.053.486	237.978.268	1.414.121	1.740.762	1.357.636	1.003.486	3.559.213
31 December 2014	207.246.853	193.957.553	1.469.759	1.590.961	1.448.161	1.902.732	6.877.687

As of 31 December 2015, the Company has guarantee letters, guarantee notes and mortgages in the amount of TL 39.660.182, TL 4.410.828, and TL 135.697.134, respectively, obtained against receivables (31 December 2014 – Guarantee letters: TL 42.109.635, Guarantee notes: TL 6.467.879, Mortgages: TL 132.622.632) (Note 15).

Trade payables consist of the following:

	31 December 2015	31 December 2014
Trade payables to related parties (Note:29)	6.433.318	1.188.172
Sub total	6.433.318	1.188.172
Trade payables	59.109.956	25.472.689
Notes payable	36.199.270	44.839.750
Rediscount on trade payables (-)	(346.989)	(123.891)
Rediscount on notes payable (-)	(241.056)	(1.624.505)
Sub total	94.721.181	68.564.043
Total (Note 30 (iii))	101.154.499	69.752.215

In calculating the discounted cost value for trade payables, the effective interest rate for TL is 11,74% (31 December 2014 – 10,02%); Libor and Euribor are used for USD and EUR, respectively.

Average maturity of trade payables is 88 days (31 December 2014 - 82 days).

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8. Other Receivables and Payables

Short term other receivables consist of the following:

	31 December 2015	31 December 2014
Other receivables from related parties (Note 29)	-	10.500.000
Sub total	-	10.500.000
Other miscellaneous receivables	329.174	243.803
Deposits and guarantees given	345.364	444.070
Due from personnel	40.536	3.180
Sub total	715.074	691.053
Total (Note 30 (iv))	715.074	11.191.053

Long term other receivables consist of the following:

	31 December 2015	31 December 2014
Deposits and guarantees given	392.314	400.732
Total (Note 30 (iv))	392.314	400.732

As of 31 December 2015, the Group has other debts amounting to TL 4.563 (31 December 2014: TL 963).

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9. Inventories

Inventories consist of the following:

	31 December 2015	31 December 2014
Raw materials	12.335.985	8.341.888
Semi-finished goods	5.074.680	4.637.494
Finished goods	21.406.727	20.859.890
Trade goods	19.820.179	18.299.614
Provision for inventory (-)	(2.738.469)	(1.469.673)
Total	55.899.102	50.669.213

Changes in inventory provision as at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Opening balance	1.469.673	729.440
Increase / (decrease) during the period	1.268.796	740.233
Closing balance	2.738.469	1.469.673

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10. Prepaid Expenses and Deferred Income

Prepaid expenses and deferred income consist of the following:

	31 December 2015	31 December 2014
Short term prepaid expenses:		
- Advances given	704.247	270.473
- Expenses related to future months	490.892	369.935
Total	1.195.139	640.408
Long term prepaid expenses:		
- Advances given	6.725.795	633.747
- Expenses related to future years	39.156	14.199
Total	6.764.951	647.946
Deferred Income		
- Order advances received	38.551.182	33.031.546
- Other	71.426	173.470
Total	38.622.608	33.205.016

11. Current Tax Assets

As of 31 December 2015 and 2014, current tax assets consist of the following:

	31 December 2015	31 December 2014
- Prepaid taxes and funds	3.713.927	1.011
Total	3.713.927	1.011

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12. Tangible Assets

As of 31 December 2015, tangible assets consist of the following:

Cost	Opening 1 January 2015	Additions	Transfers	Disposals	Closing 31 December 2015
Land	18.740.342	-	-	(10.606.750)(*)	8.133.592
Land improvements	3.119.198	-	867	(964.760)	2.155.305
Buildings	31.030.407	-	2.055.861	(11.058.832)	22.027.437
Machinery and equipment	127.930.608	-	17.524.900	(3.480.342)	141.975.166
Motor vehicles	407.908	-	32.728	-	440.636
Furniture and fixtures	8.827.343	-	183.510	(433.808)	8.577.046
Construction in progress	13.029.772	51.438.934	(19.797.866)	-	44.670.840
Sub total	203.085.578	51.438.934	-	(26.544.492)	227.980.022
Accumulated depreciation (-)					
Land improvements	(544.048)	(127.442)	-	469.094	(202.395)
Buildings	(8.176.793)	(824.361)	-	4.927.664	(4.073.490)
Machinery and equipment	(77.345.232)	(8.882.833)	-	3.242.139	(82.985.928)
Motor vehicles	(264.367)	(55.633)	-	-	(319.999)
Furniture and fixtures	(7.900.934)	(335.740)	-	419.200	(7.817.473)
Sub total	(94.231.374)	(10.226.009)	-	9.058.097	(95.399.286)
Net book value	108.854.204				132.580.736

(*) The real estate on a plot of 30.305 sq.m. located on parcel 5, block 2144 in Büyük Çiğli village, Çiğli district in Izmir province the title deed of which is owned by and registered in the name of the Parent Company is sold to FELDA IFFCO Gıda San.ve Tic. A.Ş on 8 June 2015 for a total consideration of TL 15.000.000.

(*) Its effect on value increase fund is stated in Note 19 - Equity.

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12. Tangible Assets (continued)

As of 31 December 2014, tangible assets consist of the following:

Cost	Opening				Closing 31 December 2014
	1 January 2015	Additions	Transfers	Disposals	
Land	18.740.342	-	-	-	18.740.342
Land improvements	1.257.752	-	1.861.446	-	3.119.198
Buildings	30.938.125	-	92.282	-	31.030.407
Machinery and equipment	110.014.143	-	18.206.145	(289.680)	127.930.608
Motor vehicles	312.070	-	107.838	(12.000)	407.908
Furniture and fixtures	8.546.650	-	328.893	(48.200)	8.827.343
Construction in progress	8.208.238	25.418.138	(20.596.604)	-	13.029.772
Sub total	178.017.320	25.418.138	-	(349.880)	203.085.578
Accumulated depreciation (-)					
Land improvements	(468.091)	(75.957)	-	-	(544.048)
Buildings	(7.183.264)	(993.529)	-	-	(8.176.793)
Machinery and equipment	(69.954.837)	(7.456.948)	-	66.553	(77.345.232)
Motor vehicles	(243.292)	(33.075)	-	12.000	(264.367)
Furniture and fixtures	(7.570.626)	(361.638)	-	31.330	(7.900.934)
Sub total	(85.420.110)	(8.921.147)	-	109.883	(94.231.374)
Net book value	92.597.210				108.854.204

The Parent Company recognized its land, land improvements and buildings at their fair values. The land and buildings owned by the Parent Company were subject to revaluation for the first time in 2002 by Lotus Gayrimenkul Ekspertiz Değerleme Anonim Şirketi and the difference between the fair value and the carrying value was recognized in the financial statements. Subsequently, Lotus Gayrimenkul Ekspertiz Değerleme Anonim Şirketi performed another revaluation study in 2008. As per the report prepared on the second study dated 26 December 2008, the difference observed between the fair value and the carrying value of the assets was considered immaterial; hence the Parent Company did not recognize this difference in the financial statements.

For the purpose of determining any change that might have occurred in the fair values of the Parent Company's land, land improvements, and buildings, the Management delegated to a valuation company licensed by the Capital Markets Board, namely, Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. a valuation study to be performed. As a result of this study, the difference observed between the fair values and the carrying values of the assets as stated in the valuation report was recognized by the Parent Company in the financial statements. The fair values of land, land improvements and buildings were determined according to their market values. The revaluation of the said tangible assets was made at the market value in use.

In case of disposal of revalued assets, the revaluation funds of these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the revaluation fund to the retained earnings account during the course of utilization on annual basis.

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13. Intangible Assets

As of 31 December 2015, intangible assets consist of the following:

Cost	Opening			Closing 31 December 2014
	1 January 2015	Additions	Disposals	
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	704.836	213.132	-	917.968
Sub total	7.897.845	213.132	-	8.110.977
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(1.023.401)	(113.711)	-	(1.137.112)
Rights and other	(805.739)	(42.261)	-	(848.000)
Sub total	(1.900.785)	(155.972)	-	(2.056.756)
Net book value	5.997.060			6.054.221

As of 31 December 2014, intangible assets consist of the following:

Cost	Opening			Closing 31 December 2014
	1 January 2015	Additions	Disposals	
License	859.735	-	-	859.735
Trademark	3.987.406	-	-	3.987.406
Industrial design	71.645	-	-	71.645
Dealer list	2.274.223	-	-	2.274.223
Rights and other	704.760	76	-	704.836
Sub total	7.897.769	76	-	7.897.845
Accumulated amortization (-)				
Industrial design	(71.645)	-	-	(71.645)
Dealer list	(909.689)	(113.712)	-	(1.023.401)
Rights and other	(792.551)	(13.188)	-	(805.739)
Sub total	(1.773.885)	(126.900)	-	(1.900.785)
Net book value	6.123.884			5.997.060

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14. Goodwill

As of 31 December 2015 and 2014, goodwill consists of the following:

	31 December 2015	31 December 2014
21 October 2004	655.882	655.882
23 October 2014	117.470	117.470
Total	773.352	773.352

The operations realized under the trademark “Winsa” were acquired by the Parent Company from Pilsa A.Ş as of 21 October 2004. Pursuant to the IFRS 3 “Business Combinations”, the Parent Company recognized at fair value on the effective date of agreement (1 December 2004) the identifiable assets and liabilities transferred within the scope of the acquisition, and the difference between the acquisition cost and the fair value of the identifiable assets and liabilities less deferred tax effect, was recognized as goodwill in the financial records.

100% of the shares of Althera PVC LTDA- EPP, a company located in Brazil, are acquired by the Group at a total consideration of Euro 177.372,13 as of 23 October 2014. Pursuant to the IFRS 3 “Business Combinations”, the Parent Company recognized at fair value on the effective date of agreement (23 October 2014) the identifiable assets and liabilities transferred within the scope of the acquisition, and the difference between the acquisition cost and the fair value of the identifiable assets and liabilities was recognized as goodwill in the financial records.

As of 31 December 2015, the positive goodwill amounts to TL 773.352 (31 December 2014 – TL 773.352).

15. Provisions, Contingent Assets and Liabilities

As of 31 December 2015 and 2014, short term other provisions consist of the following (TL):

	31 December 2015	31 December 2014
Warranty provision	937.362	766.559
Provision for litigation	1.069.554	721.131
Provision for tax penalty (*)	536.260	536.260
Total	2.543.176	2.023.950

(*) In accordance with tax inspection reports issued by the Ministry of Finance Revenue Administration within the scope of tax inspection for 2007, tax penalty notifications issued were communicated to the Company within 2011. Accordingly, the Company was imposed with principal tax and tax loss penalty communicated on 2 April 2012 amounting to a total of TL 3.605.914. The Company initiated a tax case at Izmir 4th Tax Court against tax penalty on 30 April 2012. As a result of the first hearing held on 6 December 2012, a portion of TL 2.358.150 out of the tax penalties communicated to the Parent Company was reversed by the court. The date of the next hearing to be held for the balancing amount is not yet communicated to the Parent Company. Considering the current legal position and related evidence, the Management believes that the litigation process will be finalized in favor of the Parent Company. The Parent Company has made a provision of TL 536.260 in the accompanying financial statements as of 31 December 2014 and 31 December 2013 as a matter of prudence.

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15. Provisions, Contingent Assets and Liabilities (continued)

As of 31 December 2015 and 2014, guarantees, pledges and mortgages given/received by the Parent Company and its Subsidiaries consist of the following:

	31 December 2015		31 December 2014	
	TL equivalent	Foreign currency	TL equivalent	Foreign currency
Guarantee letters received				
Euro	6.960.066			
USD	1.192.116		14.202.294	5.035.025
TL	31.508.000	2.190.353	2.863.842	1.235.000
	39.660.182	410.000	25.043.500	1.235.000
			42.109.635	
Guarantee notes received				
Euro	95.328			
USD	-		535.933	190.000
TL	4.315.500	30.000	1.612.977	695.578
	4.410.828	-	4.318.969	695.578
			6.467.879	
Mortgages received				
Euro	173.634		154.132	54.643
TL	135.523.500	54.643	132.468.500	-
	135.697.134	135.523.500	132.622.632	-
Total guarantees and mortgages received	179.768.144		181.200.146	
Guarantees given				
Euro	572.762		14.792.131	5.884.000
USD	61.224.403	180.250	4.199.227	-
AUD	-	21.056.680	32.275	-
TL	36.213.960	-	34.905.962	-
	98.011.125	36.213.960	53.929.595	-
Total guarantees given	98.011.125		53.929.595	

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15. Provisions, Contingent Assets and Liabilities (continued)

As of 31 December 2015 and 2014, charts for guarantee, pledge and mortgage position of the Parent Company and its Subsidiaries are as follows:

Guarantees, pledges and mortgages given by the Com	31 December 2015	31 December 2014
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	98.011.125	53.929.595
b. Total amount of guarantees, pledges and mortgages given in favor of the parties included in the full consolidation	-	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
Total	98.011.125	53.929.595

As of 31 December 2015 and 31 December 2014, the Parent Company and its subsidiary have no guarantees, pledges or mortgages received from or given to related parties.

As of 31 December 2015, the other guarantees, pledges and mortgages given by the Parent Company and its subsidiary are equivalent to 0% of their equity (31 December 2014 – 0%).

16. Commitments

a) The export commitments of the Parent Company and its Subsidiary are as follows:

The Parent Company and its subsidiaries have export commitments in the amount of EUR 9.187.763.11 in relation to export incentives received on 31 December 2015 (31 December 2014 – EUR 10.046.661).

b) Transactions realized by the Parent Company and its subsidiaries in relation to operating leases are as follows:

The operating leases of the Parent Company and its Subsidiary amounting to EUR 2.440.009, USD 11.199.000 and TL 3.480.003 (31 December 2014 – EU 2.983.142, USD 3.067.253 and TL 3.013.520) consist of car, forklift, and warehouse rentals; and their maturities vary between 1-4 years. The portions of EUR 1.420.177, USD 9.720.000, and TL 2.583.937 of these amounts will mature in 1- 2 years.

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17. Employee Benefit Obligations and Provisions

As of 31 December 2015 and 2014, employee benefit obligations consist of the following:

	31 Aralık 2015	31 Aralık 2014
Taxes and funds payable	623.646	427.326
Social security premiums payable	443.543	372.271
Accrued wages	1.330.112	992.941
Total	2.397.301	1.792.538

As of 31 December 2015 and 2014, provisions for employee benefits consist of the following:

Provision for annual leaves	31 December 2015	31 December 2014
Opening balance	958.030	636.816
Charge for the current year	565.907	321.215
Closing balance	1.523.937	958.031

Provision for termination indemnity	31 December 2015	31 December 2014
Opening balance	3.313.205	3.255.165
Provisions paid during the year	(94.742)	(129.583)
Interest cost	347.886	315.751
Service cost	400.418	365.907
Actuarial gains / (losses)	(744.464)	(494.035)
Closing balance	3.222.303	3.313.205
Total provisions related to employee benefits	4.746.240	4.271.236

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18. Other Assets and Liabilities

As of 31 December 2015 and 2014, other assets and liabilities consist of the following:

Other current assets	31 December 2015	31 December 2014
- Turnover premium cost accrual	3.326.845	1.541.176
- Deferred VAT	4.272.327	1.167.329
- Other advances	278.077	293.218
Total	7.877.249	3.001.723

Other Short Term Liabilities	31 December 2015	31 December 2014
Taxes and funds payable	1.089.839	581.928
Expense provisions	381.836	331.119
Total	1.471.675	913.047

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19. Equity

(a) Paid-in capital:

As of 31 December 2015 and 2014, the share capital and shareholding structure of the Parent Company is as follows:

	31 December 2015		31 December 2014	
	TL	Pay (%)	TL	Pay (%)
Deceuninck	77.641.840	97,54	58.100.520	97,54
Public offering	1.958.160	2,46	1.466.380	2,46
Paid-in capital as stated in the statutory books	79.600.000	100,00	59.566.900	100,00
Restatement difference	7.840.703		7.840.703	
Total	87.440.703		67.407.603	

As of 31 December 2015 and 2014, the upper limit of registered capital of the Company's is TL 120.000.000. As of 31 December 2015 and 2014, the historic value of the Company's paid-in capital is TL 79.600.000 consisting of 7.960.000.000 shares of Kr 1 nominal value each.

As of 31 December 2015 and 2014, the movement chart of the number of shares issued for the Company's share capital is as follows:

	31 December 2015		31 December 2014	
	Number of shares	TL	Number of shares	TL
1 January	5.956.690.000	59.566.900	5.956.690.000	59.566.900
Bonus issue transferred from retained earnings/prior year profits	2.003.310.000	20.033.100	-	-
Bonus issue transferred from retained earnings/prior year profits	7.960.000.000	79.600.000	5.956.690.000	59.566.900
1 January				

For the purpose of obtaining a refinance loan of Euro 140.000.000, the major shareholder Deceuninck NV acting in the capacity of loan receiver has pledged in favor of Fortis Bank NV/SA acting in the capacity of guarantee representative the entire number of its 58.100.520 shares of TL 0,01 nominal value each representing 97,5382% of the Company's share capital as per the Share Pledge Agreement signed on 16 August 2012 upon amendment dated 16 July 2012 made on the Loan Agreement dated 11 September 2009.

Resolution is made on 22 October 2015 to increase by bonus issue the Parent Company's issued capital of TL 59.566.900 to TL 79.600.000 by the addition of TL 20.033.100 (by 33,63%) staying within the registered capital limit of TL 120.000.000.

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19. Equity (continued)

(b) Restricted profit reserves:

Restricted profit reserves consist of legal reserves. Legal reserves which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

- i. First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital
- ii. Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

(c) Retained earnings/(accumulated losses)

Changes in retained earnings/(accumulated losses) during the period are set out below:

	31 December 2015	31 December 2014
Retained earnings	67.076.469	51.084.059
Transfer to share capital account from internal resources	(20.033.100)	-
Transfer to legal reserves		-
Fixed asset revaluation adjustment (*)	22.380	298.398
Revaluation value increase fund transfer (from real estate sales)**)	14.959.619	-
Tax effect of revaluation value increase fund (**)	1.400.911	-
Prior year profits / (losses)	22.234.114	15.694.011
Retained earnings/(accumulated losses) of the Branch	92.762	
Total	85.753.155	67.076.469

(*) The land and buildings owned by the Group were subject to revaluation in 2002, 2008 and 2012. The revaluation of these tangible assets was made at the market value in use. The difference between their carrying values and market values are stated in fixed asset revaluation fund under capital reserves. In case of disposal of revalued assets, the revaluation funds of these assets are transferred to retained earnings. Furthermore, the difference between the depreciation calculated over the revalued asset and the depreciation calculated over the acquisition value of the asset is transferred from the revaluation fund to the retained earnings account during the course of utilization on annual basis.

(**) The real estate on a plot of 30.305 sq.m. located on parcel 5, block 2144 in Büyük Çiğli village, Çiğli district in Izmir province the title deed of which is owned by and registered in the name of the Parent Company is sold to FELDA IFFCO Gıda San.ve Tic. A.Ş on 8 June 2015 for a total consideration of TL 15.000.000.

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20. Sales and Cost of Sales

Sales consist of the following:

	1 January - 31 December 2015	1 January- 31 December 2014
Imports	385.486.736	323.740.219
Exports	88.302.794	54.253.657
Total	473.789.530	377.993.876

Cost of sales consists of the following:

	1 January - 31 December 2015	1 January- 31 December 2014
Direct raw material, semi-finished good and material expenses	242.805.201	208.933.285
Direct labor cost	2.674.759	2.822.426
Amortization and depreciation expenses	8.964.483	7.781.579
Other production costs	44.325.641	33.260.836
Total cost of production	298.770.084	252.798.126
Change in semi-finished goods	(437.186)	(1.321.182)
Beginning of the period	4.637.494	3.316.312
End of the period	(5.074.680)	(4.637.494)
Change in finished goods	(546.837)	(5.720.705)
Beginning of the period	20.859.890	15.139.185
End of the period	(21.406.727)	(20.859.890)
Change in trade goods	55.633.241	33.747.883
Beginning of the period	18.299.614	9.112.442
Purchases	57.153.806	42.935.057
End of the period	(19.820.179)	(18.299.615)
Total	353.419.302	279.504.123

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21. Research and Development Expenses; Marketing, Sales and Distribution Expenses; General Administration Expenses

Research and development expenses; marketing, sales and distribution expenses; general administration expenses are as follows (TL) :

Research and Development Expenses:	1 January - 31 December 2015	1 January- 31 December 2014
Personnel expenses	559.370	468.798
Other	13.657	69.101
Total	573.027	537.899

Marketing, sales and distribution expenses:	1 January - 31 December 2015	1 January- 31 December 2014
Personnel expenses	20.780.002	15.846.344
Customs and transportation expenses	12.719.126	12.102.086
Advertisement expenses	3.955.941	1.653.018
Exposition, exhibition and showroom expenses	1.536.195	1.552.905
Rental fees	5.664.599	4.827.451
Dealer promotion and meeting expenses	3.395.712	2.995.543
Sales premiums and commissions	976.389	683.880
Depreciation and amortization expenses	1.091.212	922.800
Other	4.928.107	4.015.850
Total	55.047.283	44.599.877

General administration expenses:	1 January - 31 December 2015	1 January- 31 December 2014
Personnel expenses	8.130.015	6.401.604
Consultancy services	8.482.619	6.396.703
Provision for doubtful receivables, net (Note 7)	1.476.638	662.503
Taxes and similar expenses	895.918	491.812
Depreciation and amortization expenses	326.284	343.668
Communication expenses	158.543	137.814
Insurance expenses	518.636	468.671
Termination indemnity and annual leave expenses	871.582	557.538
Energy expenses	410.663	286.785
Maintenance and repair expenses	634.880	171.409
Other	3.414.420	1.014.903
Total	25.320.198	16.933.410

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22. Other Operating Income/Expenses

Other income and expenses from operating activities consist of the following (TL):

Other operating income	1 January - 31 December 2015	1 January- 31 December 2014
Foreign exchange gains	16.173.241	4.731.826
Interest income	3.813.457	2.996.640
Forward earnings	5.182.619	2.387.527
Rental income	2.850.000	-
Other	1.386.760	1.467.486
Total	29.406.077	11.583.479

Other operating expenses	1 January - 31 December 2015	1 January- 31 December 2014
Foreign exchange gains	13.968.150	5.290.098
Waived receivables(*)	1.742.421	928.558
Interest expense	220.352	34.629
Interest cost of termination indemnity	347.886	315.751
Forward losses	6.806.592	3.189.551
Special transaction tax	32.729	31.162
Insurance damage expense	35.015	-
Other expenses	2.153.030	905.453
Total	25.306.175	10.695.202

(*) Receivables that are deemed uncollectible as a result of the legal proceedings started by the Group against customers in default are recognized as waived receivables under operating expenses.

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23. Income/Expenses from Investing Operations

Other income and expenses from investing operations consist of the following:

Income from investing operations	1 January - 31 December 2015	1 January- 31 December 2014
Gain on fixed asset sales	498.010	264.085
Total	498.010	264.085
Expenses related to investing operations	1 January - 31 December 2015	1 January- 31 December 2014
Losses on fixed asset sales	2.403.926	158.589
Total	2.403.926	158.589

24. Expenses by Nature

Depreciation and amortisation expenses	1 January - 31 December 2015	1 January- 31 December 2014
Cost of production	8.964.485	7.781.579
General administration expenses	326.284	343.668
Sales and marketing expenses	1.091.212	922.800
Total	10.381.981	9.048.047
	1 January - 31 December 2015	1 January- 31 December 2014
Depreciation (Note:12)	10.226.009	8.921.147
Amortisation (Note:13)	155.972	126.900
Total	10.381.981	9.048.047
Employee benefits	1 January - 31 December 2015	1 January - 31 December 2015
Wages and salaries	40.616.050	30.840.126
Social security premium expenses-employer's share	2.736.782	2.295.997
Other social expenses	11.059.128	7.980.535
Provisions for termination indemnity and unused leaves, net	871.582	557.538
Total	55.283.542	41.674.196

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25. Financial Income and Expenses

Financial income and expenses consist of the following (TL):

Financial Income	1 January - 31 December 2015	1 January- 31 December 2014
Foreign exchange gains	6.067.617	1.512.758
Forward earnings	-	380.300
Other	10.388	
Total	6.078.005	1.893.058
Financial Expenses	1 January - 31 December 2015	1 January- 31 December 2014
Foreign exchange losses	6.202.067	616.160
Interest expense	8.389.643	8.398.125
Forward losses	-	2.406.500
Other	138.820	48.905
Total	14.730.530	11.469.690

26. Non-current Assets Held for Sale

As of 31 December 2015 and 2014, non-current assets held for sale consist of the following (TL):

	31 December 2015	31 December 2014
Opening balance	1.196.351	1.607.283
Additions	394.462	449.554
Disposals (-)	(606.082)	(860.486)
Total	984.731	1.196.351

As of 31 December 2015 and 2014, non-current assets held for sale comprise land, stores and buildings acquired from customers against receivables whose collection has become doubtful. The Group management intends to dispose of the subject real estate in the shortest time possible.

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27. Taxes

a) Corporation Tax ;

For 2015 and 2014, the corporation tax rate in Turkey is 20%. This rate is applicable to the tax base derived upon adding onto the commercial earnings of entities the disallowable expenses, and deducting exemptions and discounts as stated in the tax legislation. The corporation tax rates in India, Chile and Brazil are 43%, 20% and 34%, respectively.

Taxes payable as of 31 December 2015 and 31 December 2014 netted with the prepaid taxes are set out below (TL).

	31 December 2015	31 December 2014
Current period corporation tax	3.681.295	5.231.363
Taxes prepaid during the period (-)	(3.681.295)	(5.224.115)
Corporation tax payable	-	7.248

As of 31 December 2015 and 2014, the reconciliation between tax expense calculated by applying the legal tax rate on profit before tax and the total tax provision stated in the statement of profit or loss and other comprehensive income is as follows (TL):

	1 January - 31 December 2015	1 January - 31 December 2014
Profit before tax	32.971.180	27.835.708
Tax expense /(income) at the rate of 20%	6.594.236	5.567.142
Effect of disallowable expenses	282.190	272.982
Effect of income exempt from corporation tax	(2.647.417)	(209.760)
Effect of other adjusting items	(134.306)	(28.770)
Current period tax (income) / expense	4.094.703	5.601.592

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27. Taxes (continued)

b) Deferred tax assets and liabilities;

Deferred tax assets, liabilities, income and expenses and the temporary differences taken as basis for deferred tax calculations are as follows (TL):

	Deferred tax asset / (liability)		Deferred tax income / (expense)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Provision for doubtful receivables	968.844	1.263.231	(294.387)	(74.513)
Provision for termination indemnity	1.388.925	1.156.676	232.249	558.692
Actuarial gains/(losses) on termination indemnity	(744.464)	(494.035)	(250.429)	(547.084)
Provision for unused vacation	304.787	191.606	113.181	64.243
Provision for litigation	213.911	144.226	69.685	103.577
Rediscount on receivables	149.000	(25.728)	174.728	55.790
Rediscount on payables	(77.914)	(11.764)	(66.150)	1.975
Expense accruals	822.659	387.197	435.462	101.430
Elimination effect of consolidation	684.495	573.890	115.880	121.104
Depreciation time differences and the effect of valuation of intangible assets in accordance with TFRS 3	(8.825.619)	(7.715.995)	291.288	(928.850)
Effect of fixed asset revaluation	(380.770)	(1.804.060)	22.380	74.599
Deferred Tax Asset / (Liability), Net	(5.496.146)	(6.334.756)	843.887	(469.037)

Changes in deferred tax liability for the periods ended 31 December 2015 and 31 December 2014 are set out in the table below:

	31 December 2015	31 December 2014
Balance as of January 1st	6.334.756	5.865.720
Transfer of retained earnings/accumulated losses (*)	(1.400.911)	-
Deferred tax (advantages)/expenses reflected to the income statement	413.408	370.230
Amount accounted for in the other comprehensive expenses account	148.893	98.806
Balance as of December 31st	5.496.146	6.334.756

(*) Related to the value increase realized upon disposal of the real estate on a plot of 30.305 sq.m. located on parcel 5, block 2144 in Büyük Çiğli village, Çiğli district in Izmir province the title deed of which is owned by and registered in the name of the Parent Company.

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28. Earnings per Share

Earnings/(loss) per share is calculated as follows:

	31 December 2015	31 December 2014
Profit/(loss) for the period	(28.876.478)	22.234.115
Weighted average number of ordinary shares at the beginning of the period *	5.956.690.000	5.956.690.000
Weighted average number of ordinary shares at the end of the period *	7.960.000.000	5.956.690.000
Earnings/(loss) per share (TL)	0,4844	0,3733

(*) per share of Kr 1 nominal value

Calculation of earnings per share is made by dividing the net income/(loss) for the current period by the weighted average number of outstanding shares.

Changes in the number of shares for the periods ended 31 December 2015 and 31 December 2014 are set out in the table below:

Number of shares	31 December 2015	31 December 2014
Beginning of the period/year	5.956.690.000	5.956.690.000
Bonus issues from internal sources during the year	2.003.310.000	-
End of the period/year	7.960.000.000	5.956.690.000

As of the reporting date, there was no transaction in relation to ordinary shares issued or planned to be issued other than those shown above.

Companies in Turkey are allowed to increase their share capitals through making transfers from various internal sources and extend bonus issues to shareholders based on this increase. In calculating earnings per share, the bonus shares are regarded as shares distributed as dividends. For that reason, these shares are deemed to be outstanding throughout the year in calculating the average number of shares.

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29. Related Party Disclosures

i. Trade receivables from related parties consist of the following:

	31 December 2015	31 December 2014
Deceuninck (majority shareholder)	1.671.800	2.060.177
Other Deceuninck affiliates	10.779.028	8.651.274
Pimaş Plastik İnşaat Malzemeleri AŞ.	13.019.083	-
Total (Note 7)	25.469.910	10.711.451

ii. Trade payables to related parties consist of the following:

	31 December 2015	31 December 2014
EgePen Plastik San. Ve Tic. A.Ş (Ege Pen) (*)	1.176.826	1.187.595
Other	5.256.492	577
Total (Note 7)	6.433.318	1.188.172

(*) Debt arising from acquisition of a 20.000 m2 of land owned by Ege Pen Plastik Sanayi ve Ticaret A.Ş. in Menemen Industrial Zone.

iii. Other receivables from related parties consist of the following:

	31 December 2015	31 December 2014
Deceuninck (majority shareholder)	-	10.500.000
Total (Note 8)	-	10.500.000

The indicated total is given to Deceuninck for acquisition of Pimaş shares on 22 December 2014. A total of TL 10.568.919 is collected on 22 January 2015 including interest.

iv. Purchases of goods and services made from related parties for the periods ended 31 December 2015 and 2014 consist of the following (TL):

	31 December 2015	31 December 2014
Deceuninck (majority shareholder)	116.631	507.735
Other Deceuninck affiliates	2.028.621	714.304
Pimaş Plastik İnşaat Malzemeleri AŞ.	3.813.456	-
Total	5.958.708	1.222.039

v. Sales made to related parties for the periods ended 31 December 2015 and 2014 consist of the following (TL):

	31 December 2015	31 December 2014
Deceuninck (majority shareholder)	3.366.367	2.717.521
Other Deceuninck affiliates	14.581.162	8.055.560
Pimaş Plastik İnşaat Malzemeleri AŞ.	33.631.962	-
Total	51.579.491	10.773.081

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29. Related Party Disclosures (continued)

vi. Fixed asset purchases made from related parties for the periods ended 31 December 2015 and 2014 consist of the following (TL):

	31 December 2015	31 December 2014
Deceuninck N.V *	1.640.626	268.535
Other Deceuninck affiliates	-	268.535
Pimaş Plastik İnşaat Malzemeleri AŞ.	3.992.865	-
Toplam (Dipnot 7)	5.633.491	268.535

vii. 31 Aralık 2015 ve 2014 tarihlerinde sona eren dönemlerde ilişkili taraflardan yapılan diğer alışlar aşağıdaki gibidir:

	31 December 2015	31 December 2014
Deceuninck N.V *	5.677.076	15.531.875
Other Deceuninck affiliates	2.014.683	418.428
Egepen	344.477	317.486
Pimaş Plastik İnşaat Malzemeleri AŞ.	1.142.447	-
Toplam	9.178.683	16.267.789

(*) As of 31 December 2015, TL 6.091.257 of this total consists of management service fees (31 December 2014 – TL 4.929.487).

Transactions with other Deceuninck affiliates consist of other expenses and the amount related to Ege Pen consists of trademark expenses.

viii. Salaries and similar benefits provided to top management such as CEO, Board Members, General Manager, General Coordinator, and Assistant General Manager of the Company for the period ended 31 December 2015 amounts to TL 5.835.250 (31 December 2014 – TL 4.929.487).

ix. As of 31 December 2015, the unaudited statutory financial data of the subsidiaries prior to elimination is as follows (TL):

	Deceuninck Importadora Limitada	
	31 December 2015	31 December 2014
Total assets	20.271.481	17.269.230
Gross sales	19.771.783	5.745.568
Net profit / (loss) for the period	(408.932)	505.945
Equity	(40.755)	875.676
Current assets	18.722.186	15.443.522
Non-current assets	1.549.294	1.825.708
Short term liabilities	20.312.236	16.393.554
Long term liabilities	-	-
Total comprehensive income	(408.932)	505.525

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29. Related Party Disclosures (continued)

	31 December 2015	Deceuninck Brasil 31 December 2014
Total assets	3.380.800	2.318.998
Gross sales	645.342	185.762
Net profit / (loss) for the period	(2.077.091)	(155.392)
Equity	(565.022)	133.934
Current assets	3.311.046	2.318.998
Non-current assets	69.754	-
Short term liabilities	2.315.256	1.427.082
Long term liabilities	1.630.566	757.983
Total comprehensive income	(2.077.091)	(155.392)

30. Nature and Level of Risks Arising from Financial Instruments

Due to its operations, the Parent Company is exposed to various financial risks including the effects of changes in foreign exchange rates and interest rates in loan market and capital market prices. These risks comprise price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Parent Company's general risk management program focuses on the unpredictable and fluctuating characteristic of the financial markets and aims to minimize their potential negative impact on the financial performance of the Parent Company.

Some of the basic financial instruments of the Company are bank borrowings, cash, and short and long term bank deposits. The main purpose in using these instruments is to finance the Parent Company operations. Furthermore, the Company has financial instruments like trade receivables and trade payables which are directly related to operations.

The Parent Company Management manages these risks in the manner stated below, and monitors the market risks that may arise upon utilization of financial instruments.

i. Price Risk

Price risk is a combination of foreign exchange, interest, and market risks. The Parent Company's receivables and payables and interest bearing assets and liabilities cover and compensate each other provided that they are of the same currency; hence, the price risk is managed automatically. Market risk is monitored by market analyses and valuation methods.

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

ii. Interest Rate Risk

The Parent Company does not have significant interest-sensitive assets. The Parent Company's income and cash flows from its operations are mostly independent of the market interest fluctuations.

The Parent Company's interest rate risk arises from short and long term borrowings. The interest rates to be applied in the future periods will affect the loans to be received for the continuation of the Parent Company's operations in the subsequent period.

Interest rate position chart and related sensitivity analysis

As of 31 December 2015 and 2014, the interest rate position of the Parent Company is set out in the table below (TL):

Interest rate position chart	Cari Dönem	Önceki dönem
	31 Aralık 2015	31 Aralık 2014
Financial assets (Note 4)		
Sabit faizli finansal araçlar		
Gerçeğe uygun değer farkı kar/zarara yansıtılan varlıklar	-	-
Satılmaya hazır finansal varlıklar	-	-
Vadeli mevduatlar	85.140.890	11.928.957
Financial liabilities (Note 5)		
Sabit faizli finansal araçlar	98.681.560	101.427.198
Değişken faizli finansal araçlar		
Financial assets	79.737.900	-
Financial liabilities		-

iii. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Management monitors the funding risk of the Parent Company's current and potential loan requirements through maintaining continuous access to sufficient number of committed credit lines. The Parent Company's liquid assets (current assets – (inventories + non-current assets held for sale) exceed its short term payables by a total of TL 149.250.157 as of 31 December 2015 (TL 50.061.705 as of 31 December 2014).

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

30. Nature and Level of Risks Arising from Financial Instruments (continued)

iii. Liquidity Risk (continued)

The maturity breakdown of the Parent Company's commercial and financial debts by due dates is set out in the table below as of 31 December 2015 and 2014

Current Period Expected or contractual terms	Book value	Total contractual cash outflows (=I+II+III+IV)	Up to			
			3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Financial liabilities (non-derivative)	178.909.952	205.759.525	22.153.460	42.362.542	110.141.698	31.101.825
Bank loans	35.958.214	36.199.270	31.217.073	4.982.197	-	-
Notes payable	65.196.285	65.543.274	47.134.731	18.408.54	-	-
Trade payables	38.622.608	38.622.608	15.603.495	23.019.113	-	-
Other payables (Deferred income)						
Expected or contractual terms						
Financial liabilities (derivative) (net)	21.590	21.590	21.590	-	-	-
Prior period Expected or contractual terms						
Financial liabilities (non-derivative)	101.870.741	107.482.435	63.257.416	21.571.727	22.653.292	-
Bank loans	-	-	-	-	-	-
Notes payable	43.215.244	44.839.749	17.049.652	27.790.097	-	-
Trade payables	26.536.971	26.653.309	22.679.715	3.973.594	-	-
Other payables (Deferred income)	33.205.016	33.205.016	12.604.209	20.600.807	-	-
Expected or contractual terms						
Financial liabilities (derivative) (net)	254.693	254.693	254.693	-	-	-

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

30. Nature and Level of Risks Arising from Financial Instruments (continued)

iv. Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Management monitors such risks by minimizing the average risk for the counterparty in the agreements (other than related parties) and receiving collaterals when necessary. The Company's collection risk basically arises from its trade receivables from dealers or other customers. The Company monitors this risk either by extending the credit limits allocated to dealers up to the level of collaterals received or by receiving advance payments. The utilization of these credit limits are continuously followed up by the Management and the credit quality is regularly assessed taking into consideration the customer's financial position, past experience and other similar factors.

Trade receivables are evaluated by the Parent Company management based on past experiences and current economic condition, and are presented in the financial statements net of provision for doubtful receivables.

The Parent Company attempts to control credit risk by extending the range of its sales operations, avoiding undesired concentrations on persons or groups of a certain sector or region. The Parent Company also obtains collaterals from customers when appropriate.

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

iv. Credit Risk (continued)

Disclosures regarding maturity and guarantee structure of receivables and cash and cash equivalents are as follows :

31 Aralık 2015	Trade receivables (Note 7)	Trade receivables from related parties (Note 7)	Other receivables (Note 8)	Cheques in collection (Note 4)	Cash and banks (Note 4)
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	221.583.576	25.469.910	1.107.388	3.840.539	87.487.429
- Maximum risk secured by guarantee (2)	(179.768.144)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	212.508.358	25.469.910	1.107.388	3.840.539	87.487.429
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-
C. Net book value of assets overdue but not impaired	9.075.218	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-
- Impairment (-) (Note 7)	28.005.345	-	-	-	-
- Net value under guarantee	(28.005.345)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-) (Note 7)	-	-	-	-	-
- Net value under guarantee	-	-	-	-	-
E. Off-balance sheet items having credit risk	-	-	-	-	-

1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(2) The collaterals received consist of guarantee notes, guarantee cheques and mortgages.

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

iv. Credit Risk (continued)

Disclosures regarding maturity and guarantee structure of receivables and cash and cash equivalents are as follows:

31 Aralık 2014	Trade receivables from		Other receivables (Note 8)	Other receivables from related parties (Note 8)		Cheques in collection (Note 4)	Cash and banks (Note 4)
	Trade receivables (Note 7)	related parties (Note 7)					
- Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	196.535.402	10.711.451	1.091.785	10.500.000	3.996.130	14.762.968	
- Maximum risk secured by guarantee (2)	(181.200.144)	-	-	-	-	-	
A. Net book value of financial assets neither overdue nor impaired	183.246.103	10.711.451	1.091.785	10.500.000	3.996.130	14.762.968	
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-	
C. Net book value of assets overdue but not impaired	13.289.299	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	
- Overdue (gross book value)	27.512.692	-	-	-	-	-	
- Impairment (-) (Note 7)	(26.528.707)	-	-	-	-	-	
- Net value under guarantee	-	-	-	-	-	-	
- Not overdue (gross book value)	-	-	-	-	-	-	
- Impairment (-) (Note 7)	-	-	-	-	-	-	
- Net value under guarantee	-	-	-	-	-	-	
E. Off-balance sheet items having credit risk	-	-	-	-	-	-	

1) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(2) The collaterals received consist of guarantee notes, guarantee cheques and mortgages.

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

30. Nature and Level of Risks Arising from Financial Instruments (continued)

v. Foreign Currency Risk

The Group carries foreign exchange risk due to its assets and liabilities denominated in USD and Euro.

The Parent Company and its Subsidiaries are also exposed to foreign exchange risk due to the transactions made. Such risks arise from sales and purchases of goods and receiving bank loans denominated in currencies other than the Group's functional currency.

The Group monitors its foreign exchange risk by maintaining the balance between its foreign currency assets and liabilities and changing its pricing policy in line with the currency fluctuations, and also by analysing its foreign currency position. The net foreign currency position of the Parent Company and its subsidiaries as of 31 December 2015 and 31 December 2014 is stated in detail below.

In total;	31 December 2015 (TL Tutarı)	31 December 2014 (TL Tutarı)
A. Foreign currency assets	121.321.472	45.431.738
B. Foreign currency liabilities	(167.388.641)	(59.752.368)
Net foreign currency position (A+B)	(46.067.169)	(14.320.630)

Consolidated Statements of Changes in Equity for the years ended 31 December 2015 and 2014 (Amounts expressed in Turkish Lira (TL) – unless otherwise indicated)

30. Nature and Level of Risks Arising from Financial Instruments (continued)

The foreign currency position of the Parent Company and its subsidiaries as of 31 December 2015 is as follows:

	TL equivalent (functional currency)	Foreign currency position table Current Period			
		ABD Doları	Euro	AUD	GBP
1. Trade receivables	58.987.786	838.919	16.426.438	2.057.245	-
2a. Monetary financial assets (including cash and bank accounts)	61.105.890	183.695	19.062.115	61.105.890	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	1.227.796	-	386.391	-	-
4. Current assets (1+2+3)	121.321.472	1.022.614	35.874.944	63.163.135	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	121.321.472	1.022.614	35.874.944	63.163.135	-
10. Trade payables	(56.172.641)	(18.373.777)	(865.133)	-	-
11. Financial liabilities	(19.065.600)	-	(6.000.000)	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13. Short term liabilities (10+11+12)	(75.238.241)	(18.373.777)	(6.865.133)	-	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(92.150.400)	-	(29.000.000)	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. Long term liabilities (14+15+16)	(92.150.400)	-	(29.000.000)	-	-
18. Total liabilities (13+17)	(167.388.641)	(18.373.777)	(35.865.133)	-	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	51.856.323	18.015.863	500.000	(1.000.000)	-
19a. Total hedged asset amount	(526.600)	-	500.000	(1.000.000)	-
19b. Total hedged liability amount	52.382.923	18.015.863	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	5.789.154	664.700	509.811	1.057.245	-
21. Net foreign currency asset/ (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(47.294.965)	(17.351.163)	(376.580)	2.057.245	-
22. Total fair value of financial instruments used for foreign currency hedging	51.856.323	18.015.863	500.000	(1.000.000)	-
23. Export(*)	63.557.000	2.303.082	18.132.858	1.257.574	-
24. Import(*)	180.594.650	44.634.472	19.656.203	-	-

(*) Average rate of exchange is used.

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

The foreign currency position of the Parent Company and its subsidiaries as of 31 December 2014 is as follows:

	TL equivalent (functional currency)	Table of Foreign Currency Position Current Period			
		USD	Euro	AUD	GBP
1. Trade receivables	41.853.434	414.952	12.976.980	2.268.991	-
2a. Monetary financial assets (including cash and bank accounts)	3.348.804	1.118.539	256.231	17.082	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	229.500	40.200	48.314	-	-
4. Current assets (1+2+3)	45.431.738	1.573.691	13.281.525	2.386.073	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	45.431.738	1.573.691	13.281.525	2.386.073	-
10. Trade payables	(32.924.690)	(2.916.998)	(9.274.458)	-	-
11. Financial liabilities	(26.827.678)	-	(9.511.000)	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13. Short term liabilities (10+11+12)	(59.752.368)	(2.916.998)	(18.785.458)	-	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. Long term liabilities (14+15+16)	-	-	-	-	-
18. Total liabilities (13+17)	(59.752.368)	(2.916.998)	(18.785.458)	-	-
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	6.226.750	3.500.000	-	(1.000.000)	-
19a. Total hedged asset amount	(1.889.400)	-	-	(1.000.000)	-
19b. Total hedged liability amount	8.116.150	3.500.000	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	(4.315.080)	2.156.693	(5.503.933)	1.286.933	-
21. Net foreign currency asset/ (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(14.550.130)	(1.383.507)	(5.552.247)	2.286.073	-
22. Total fair value of financial instruments used for foreign currency hedging	10.005.550	3.500.000	-	(1.000.000)	-
23. Export(*)	52.624.232	1.126.142	16.585.415	1.012.425	-
24. Import(*)	119.574.699	29.710.440	18.779.197	-	-

(*) Average rate of exchange is used.

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

Due to exchange rate fluctuations, the Parent Company and its subsidiaries are exposed to foreign currency risk while translating to Turkish Lira the foreign currency payables and receivables arising from trade operations with foreign entities. Such risks are monitored and controlled by regular analysis of the foreign currency position. The Parent Company and its subsidiary follow a policy of diversifying their foreign currency position in order to manage foreign currency risk that may arise from future trade operations and the related assets and liabilities recognized.

The following tables demonstrate the sensitivity to a possible change of 10% in the USD, Euro, AUD and GBP exchange rates, with all other variables held constant, on the income before tax of the Parent Company and its subsidiaries as of 31 December 2015 and 31 December 2014.

31 December 2015				
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation
When USD changes by 10% against TL:				
1- USD net asset/liability	(5.045.024)	5.045.024	-	-
2- Amount hedged from USD risk (-)	5.238.292	(5.238.292)	-	-
3- USD Net Effect (1+2)	193.268	(193.268)	-	-
When Euro changes by 10% against TL:				
4- Euro net asset/liability	3.118	(3.118)	-	-
5- Amount hedged from Euro risk (-)	158.880	(158.880)	-	-
6- Avro Net Effect (4+5)	161.998	(161.998)	-	-
When AUD changes by 10% against TL:				
7- AUD net asset/liability	435.190	(435.190)	-	-
8- Amount hedged from AUD risk (-)	(211.540)	211.540	-	-
9- AUD Net Effect (7+8)	223.650	(223.650)	-	-
When GBP changes by 10% against TL:				
10- GBP net asset/liability	-	-	-	-
11- Amount hedged from GBP risk (-)	-	-	-	-
12- GBP Net Effect (10+11)	-	-	-	-
Total (3+6+9+12)	578.916	(578.916)	-	-

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

31 December 2015				
	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation
When USD changes by 10% against TL:				
1- USD net asset/liability	(311.499)	311.499	-	-
2- Amount hedged from USD risk (-)	811.615	(811.615)	-	-
3- USD Net Effect (1+2)	500.116	(500.116)	-	-
When Euro changes by 10% against TL:				
4- Euro net asset/liability	(1.552.494)	1.552.494	-	-
5- Amount hedged from Euro risk (-)	-	-	-	-
6- Avro Net Effect (4+5)	(1.552.494)	1.552.494	-	-
When AUD changes by 10% against TL:				
7- AUD net asset/liability	431.931	(491.931)	-	-
8- Amount hedged from AUD risk (-)	(188.940)	188.940	-	-
9- AUD Net Effect (7+8)	242.991	(242.991)	-	-
When GBP changes by 10% against TL:				
10- GBP net asset/liability	-	-	-	-
11- Amount hedged from GBP risk (-)	-	-	-	-
12- GBP Net Effect (10+11)	-	-	-	-
Total (3+6+9+12)	(809.387)	809.387	-	-

i. Capital Management

The capital management objectives of the Parent Company are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In parallel with the other entities in the sector, the Parent Company monitors its debt/equity ratios for capital management purposes. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (total amount of short and long term liabilities in the statement of financial position) less cash and cash equivalents. Total share capital is the sum of all equity items recognized in the statement of financial position.

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30. Nature and Level of Risks Arising from Financial Instruments (continued)

	31 December 2015	31 December 2014
Total debt	335.564.890	220.561.986
Cash and cash equivalents (-) (Note 4)	(91.327.968)	(18.759.098)
Net debt	244.236.922	201.802.888
Total equity	219.788.949	188.899.795
Debt/equity ratio	111%	106%

31. Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists.

The Group has determined the estimated values of its financial instruments by using the available market information and best practices for valuation. However, fair value measurement requires interpretation and reasoning. Accordingly, the estimates arrived at may not always be the indicators of values that the Group would obtain from a current market operation.

The Group Management assumes that the carrying values of financial instruments approximate their fair values.

Financial assets –

These assets are cash and cash equivalents, relevant interest accruals and other short term financial assets, recognized at cost. As they are short term assets, their carrying values are deemed to approximate their fair values. The carrying values of trade receivables together after the relevant provisions are made for rediscount and doubtful receivables are deemed to approximate their fair values.

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31. Financial Instruments (continued)

Financial liabilities –

Monetary debts whose carrying values approximate their fair values:

The fair values of trade payables and other monetary liabilities are estimated to approximate carrying value due to their short-term nature. Bank loans are stated at discounted cost and the transaction costs are added onto the initial recording of loans. The fair values of bank borrowings are considered to approximate their respective carrying values, since the interest rates applied to bank borrowings are updated periodically to reflect active market price quotations. The fair value of loans with fixed interest carried at a total of TL 178.909.952 is TL 99.761.731, and the fair value of loans with variable interest is TL 79.936.500. The carrying values of trade payables net of rediscount provision are assumed to approximate their fair values.

Table of fair value measurement hierarchy

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

The hierarchy table of the Group's financial assets and liabilities carried at fair value as of 31 December 2015 is as follows:

	Level 1	Level 2 (*)	Level 3
Financial assets carried at fair value	-	(526.600)	-
Financial liabilities carried at fair value	-	52.382.923	-
Fair value of forward operations	-	51.856.323	-

(*) Fair value is measured taking as basis the market interest rates for the related currency effective in the remaining part of the contract.

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32. Events After the Reporting Period

None.

33. Other Issues Materially Affecting the Financial Statements or Requiring Disclosure for a Proper Interpretation and Understanding of the Financial Statements

	"31 December 2015 (TL Tutarı)"	"31 December 2014 (TL Tutarı)"
Total insurance on assets	340.839.504	336.195.965

PART 6

Insurance,

The total insurance amounts of the assets for the respective periods are as follows (TL);

	31.12.2015 (TL Amount)	31.12.2014 (TL Amount)
The total amount of insurance on assets	340.839.504	336.195.965

The annual activity reports of the parent company Deceuninck NV are published on the website www.deceuninck.com

THE ACCOUNTABILITY REPORT OF THE BOARD OF DIRECTORS PURSUANT TO TCC ARTICLE 199

The following is the conclusion of the report prepared by the Board of Directors of our Company disclosing our relationship with the Parent Company and its Subsidiaries in accordance with the Article 199 of TCC.

There were no transactions made within the previous financial year with the parent company, or a subsidiary of the parent company, under the direction of the parent company or in favor of the parent company or one of its subsidiaries.

In the same operating period, there were no transactions or measures taken or avoided for the benefit of the parent company or a subsidiary of the parent company, and no offsetting transaction was carried out in relation to losses.

As there were no legal transactions made with the parent company or a subsidiary of the parent company, there were no measures taken or avoided as per the conditions and circumstances known to us, thus there was no need to carry out a suitable counter action for each transaction, and no losses were incurred by the Company.

As per our obligation to prepare an affiliated company report, we hereby declare that we prepared said report in compliance with accurate and honest accounting principles and for the purposes of;

Reporting any transactions made in favor of the parent company or against a subsidiary,

- a) Offsetting the losses, if any should occur;
- b) Remedying in favor of the subsidiary the unfavorable results of the risk of refraining from the benefits of the subsidiary in the interest of the group,
- c) Thus; protecting the minority shareholders, suppliers, creditors and workers.
- d) We also declare that our company has not incurred any losses in the activity year of 2015 as a consequence of any transaction as per the conditions and circumstances known to us.

31.12.2015 CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Drafted in accordance with the format announced by the assembly pursuant to the paragraph 2 of the article 8 of II-17.1. C.G.C.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

As our company falls within the scope of the Capital Market Board's regulations, it completely fulfills its legal obligations in terms of public disclosure and transparency, and discloses its periodic financial statements, footnotes, Independent Audit Reports to the public. Furthermore, in case of extraordinary circumstances, it makes material disclosures to Borsa Istanbul A.S.

Our company, which occupies an important position in the plastic door and window industry, places particular importance on customer satisfaction.

To respond to customer requests and expectations in a prompt manner, a Customer Relations Department was formed. With surveys and interviews that are being conducted periodically, the requests are evaluated and the decisions are made.

While the compulsory principles under Corporate Governance Communiqué no. II-17.1. are fully complied with, we are also in compliance with a great majority of non-compulsory principles. Although the objective is to establish full compliance with the non-compulsory Corporate Governance Principles, due to reasons such as difficulties encountered in the implementation of some of the principles, the ongoing discussions regarding compliance with some of the principles, in our country and in the international platform alike, and incompatibility of some of the principles with the market and the existing structure of the company, a full compliance is yet to be established. The principles that are not currently implemented are works in progress; and the implementation is scheduled to take place after the administrative, legal and technical infrastructure works which will contribute to the effective management of our company are completed.

PART 1 - SHAREHOLDERS

2- DEPARTMENT OF SHAREHOLDER RELATIONS

Our company did not establish a special unit for its relations with the shareholders, and the Shareholder Relations unit which is affiliated to the Directorate of Financial Affairs as per the 11th article of the Corporate Governance Communiqué, is stated below.

The main duties of the department are as follows:

- Responding to the information requests of the shareholders,
- Ensuring that the general assembly meeting is being conducted properly,
- For the general assembly meeting, preparing documents for the partners,
- Ensuring that the voting results are recorded and the reports in relation with the results are being sent to the shareholders,
- Supervising and monitoring all matters related to public disclosure.

Persons Responsible for the Shareholders Department:

Gülşah KARAN - Financial Division Manager, Capital Market Advanced License, Corporate Governance Rating License

Banu ÖZBERBER - Accounting and Reporting Division Manager

Aseña ÖZAR - Assistant Accounting and Reporting Division Expert

During the period, a total of 10 information request applications that had been sent by our shareholders were found and answered.

3- SHAREHOLDERS' EXERCISE OF THEIR RIGHTS TO INFORMATION

The information requests of the shareholders are being responded to by our personnel who were assigned by the Directorate of Financial Affairs and information is being given regarding matters such as general assemblies, stocks, profit distribution suggestions etc.

During the period, all information requests and questions that had been communicated to us by our shareholders via telephone during the period were answered.

Almost all of the questions that are asked to our company by the shareholders are related to the market value progression of our stocks, sales turnover, profit for the period and dividend distribution. These questions remain unanswered if they have not been already disclosed to the public pursuant to the Capital Market Board Regulations, however if such information is public, it is ensured that the shareholders receive such information readily and accurately. General information and Material Disclosures are being communicated to the public via Borsa İstanbul A.Ş. and PDP (Public Disclosure Platform).

Our company's articles of incorporation do not regulate the "request for the appointment of a private auditor" as an individual right, and in cases where a related provision does not exist in the articles of incorporation, the relevant articles of the Turkish Commercial code are taken into consideration. No requests for the appointment of a private auditor were made during the period.

4- GENERAL ASSEMBLY MEETINGS

Our company held its 2015 annual Ordinary General Assembly Meeting with regards to activities of 2014, on the date 29 May 2015, at the Company Headquarters address Atatürk Organize Sanayi Bölgesi 10003 Sok. No:5 Çiğli- İZMİR.

The General Assembly meeting was held with a majority of 97,54%, with the attendance of 5.810.052.200 shares by proxy and the attendance of 11.107.300 shares personally, among the total of 5.956.690.000 shares that correspond to a total capital of 59.566.900,00 TL. For our company's General Assembly meetings, our company articles of incorporation specifies that the shareholders who represent at least 75% of the company capital must be in attendance. Invitations for the meeting were announced through the Trade Registry Gazette dated 08.05.2015 no. 8816 page no. 294. In these invitation announcements, information was given regarding matters such as the location of the general assembly, its day and time, a sample power of attorney for the attorneys who will be in attendance, the deadline for the annulment of constraints if there are partners who are applying constraints, and the date and place to make the 2014 annual financial statements, board of directors, independent audit reports available for the evaluation of the partners.

At the General Assembly, the shareholders abstained from their right to ask questions, have communicated their opinions and wishes during the last agenda item and have not made any suggestions.

The minutes of the General Assembly are submitted for the consideration of the shareholders at the company headquarters.

Regarding all donations and financial support that were given during the period, the partners are informed in detail during the Ordinary General Assembly Meeting for the relevant year. Indeed, the partners were informed regarding the donations and financial support given during the period at our Company general assembly.

There are no changes in question with respect to the donation and financial aid policy. Within the framework of our company donation and aid policies, the donations and financial aid given during the year 2015 are as follows;

Tema Foundation and changing the doors and windows of the primary school located in the Ağrı province Tezeren village.

DONATIONS	31.12.2015	31.12.2014
TL	22.883	96.938

5- VOTING RIGHTS AND MINORITY RIGHTS

According to our company's articles of incorporation, during the Ordinary and Extraordinary General Assembly meetings, each share grants one right to vote and there are no shares with privileged voting rights.

At the General Assembly meetings, voting is conducted openly by raising one's hand. However at the request of shareholders or representatives who correspond to 5% of the capital, it is mandatory to conduct secret voting.

Cumulative voting is prohibited at our company's general assembly meetings.

At the general assembly, a quorum is reached with 3/4 of the existing votes being positive, notwithstanding the number of the meeting in terms of order.

6- DIVIDEND RIGHTS

According to our company's articles of incorporation, the net profit stated on the annual financial statement which is the remaining amount after the deduction of overhead expenses and various depreciation expenses which are to be paid and to be reserved by the company and the taxes payable by the company legal entity from the income determined at the end of the fiscal year is distributed among the shareholders after a further deduction of the previous year's losses, as provided in the articles of incorporation.

Our company's profits to be distributed in the relevant year is determined in consideration of the regulatory provisions, and a distribution policy which incorporates the board of directors' profit distribution suggestions that are submitted for the General Assembly's approval, our company's profitability, the shareholders' expectations and our company's strategies for growth.

General Assemblies are held within 3 months following the end of each fiscal year, and profit distribution is done within the specified timeframe pursuant to the distribution date resolution made by the general assembly. Board of directors' profit distribution suggestions and earnings per share are included in the annual activity report.

There are no privileges with regards to participation in the company profits. The profit distribution policy is announced to the public via the web site, submitted for the shareholders' information during the general assembly, and included in the annual activity report.

It was decided during the general assembly that our company's net distributable profit for the period in the 2014 fiscal year is to be retained on the accumulated profit/loss account to be later utilized during the investment project.

7- TRANSFER OF SHARES

There are no limiting provisions in our company's articles of incorporation with regards to the transfer of shares.

PART 2 - PUBLIC DISCLOSURE AND TRANSPARENCY

8- COMPANY DISCLOSURE POLICY

Our company's disclosure policy aims to present our Company's performance history and future expectations and its vision aside from the information that are considered as trade secrets; to the extent allowed by the nature of the industry in which our company operates, in accordance with the commonly accepted accounting principles and the Capital Market Provisions; in a complete, fair, accurate, timely and understandable manner, to the shareholders, the capital market participants and to the information of the public.

Public Disclosure Methods and Tools

Without prejudice to the Capital Market Regulations and the provisions of TCC, the public disclosure and informing policy methods and tools that are being used by the company are as follows;

- Material disclosures communicated via Borsa Istanbul A.Ş. (BIST) and Public Disclosure Platform (PDP),
- Central Registration Agency (CRA) "e-MANAGE: Corporate Management and Investor Relations Portal,
- Financial statements and footnotes, independent audit reports and statements that are being periodically communicated to BIST via PDP,
- Annual activity reports,
- Corporate web site { www.egeprofil.com.tr }
- Announcements and notifications made through Turkish Trade Registry Gazette and daily newspapers,
- Press releases made through printed and visual media,
- Briefing and discussion meetings with the Capital Market Participants, that are held personally or via tele-conference.
- Telephone, electronic mail, tele-fax etc. communication methods and tools
- Any questions and comments directed towards the company,
- May be answered in written or verbal form within the authority of the shareholders unit who are assigned by the Chairman and Members of the Board of Directors, Members of the Board of Supervisors, the General Manager and the Directorate of Financial Affairs.
- Other employees aside from the foregoing, are not authorized to respond to the written and/or verbal information requests directed by the capital market participants.

9-CORPORATE WEBSITE AND ITS CONTENT

Our company's website is www.egeprofil.com.tr . When logged in to our site, automatic access to sites www.egepen.com.tr and www.winsa.com.tr is provided. Information regarding our Egepen Deceuninck and Winsa products, dealers and services are included in the site. With a link on our site to www.deceuninck.com , information may be found regarding the Deceuninck group to which we are affiliated.

The company website includes the information specified on the TCC and the Capital Market Board Corporate Governance Principles, and changes to such information is updated. All measures regarding the security of the company website are taken and studies are conducted on a continuous basis to ensure its development.

10- ACTIVITY REPORT

The contents of the Activity Report are prepared in accordance with the TCC, Capital Market regulations and the CMB Corporate Governance Principles.

Following the approval of the Board of Directors, the Activity Report is submitted to the shareholders during the General Assembly meeting and is announced at the website.

PART 3 - STAKEHOLDERS

11- INFORMING THE STAKEHOLDERS

Shareholders

Our company's shareholders are informed via legal notifications, our website and our investor relations department as provided in the Article 8 "Company Disclosure Policy".

Customers

Information is given regarding all matters related to our company and concerning our customers. Our Technical Support and Sales & Marketing Departments organize meetings and training activities with our dealerships in relation with sales and technical matters on pre-determined occasions. Furthermore, all developments and news concerning our dealerships are announced to such dealerships via circulars issued by us. Additionally, our website also announces information and news regarding our company.

Employees

All arrangements in relation with our company employees are performed according to the existing Labor Code and other laws and regulations, and procedures related to the employees are drafted in written form.

Regulatory Authorities

All activities of our company are subject to the regulations of the Capital Market Board and Turkish Commercial Code. Our accounts are regularly audited in accordance with CMB and Tax Regulations. Reports prepared with respect to such audits are announced periodically via the Public Disclosure Platform.

Stakeholders are informed with regards to our company activities via general assemblies or material disclosures within the scope of public disclosure principles. These disclosures are communicated via Borsa Istanbul A.Ş. and PDP (Public Disclosure Platform).

Furthermore, the compensation policy directed at company employees was explained on the Human Resources policy.

12- STAKEHOLDERS' PARTICIPATION IN THE MANAGEMENT

To ensure the participation of our personnel on different levels in the management, our company holds regular meetings that are represented by departments, attended by department managers and directors and executive directors every 3 months, to review the annually determined targets and at such meetings information exchange is facilitated regarding the relevant issues. The resolutions are implemented by the departments and the improvements that have been deemed expedient are made.

13- HUMAN RESOURCES POLICY

With an understanding that the most effective resources to achieve the company targets that are in line with our company's mission, vision and fundamental values are human resources, the Human Resources Department conducts success-oriented, modern and strategic human resources practices in cooperation with the other departments.

The goal of our human resources policy is;

To carry our company into the future and to achieve its long-term objectives with our employees who have our company's spirit, motivation, job satisfaction and high performance.

In this context, our fundamental principles are as follows;

- Creating a suitable environment for our employees in which they can personally and professionally develop, organizing training plans to enhance the employees' knowledge, skills and personal developments,
- Evaluating the performance by measuring them with objective criteria,
- Rewarding high performance, support the improvement of a performance that is lower than expected,
- Creating and maintaining a safe, healthy and peaceful environment with regards to occupational safety and work health.
- Organizing various social activities on a regular basis to increase the employees' morale and motivation. Instilling a sense of belonging, unity and solidarity with social activities.
- Taking measures to increase efficiency and to improve work conditions.

As our company is not a member of a trade union as per statutory regulations and collective labor agreements are not executed, in this context there are no Union Workplace Representatives within the company.

The Human Resources Department determines candidates that are suitable for the nature of the respective job, evaluates them without discrimination, ensures their recruitment and that they take equal advantage of the benefits throughout their career, within the framework of the human resources policy. During the year 2015, our Company has received no complaints with regards to any issue which may constitute as discrimination or as a violation of the equal opportunity principles.

At our company, two different Performance Evaluation and Improvement Systems that investigate different criteria for the production personnel and the administrative personnel are being implemented. The main objective in both systems is achieve management goals.

For our company, which believes in the importance of team work, achieving the company goals that have been determined by the top management and the department goals that have been determined by the departments, is an indicator of success for all our employees.

Another critical issue is to implement the development plans that are personally established by each employee during the previous year, and to evaluate them during the next year.

The final and the most important critical aspect of our system is facilitating mutual feedback. With performance evaluation interviews conducted personally at the end of each year, our employees have the opportunity to receive developmental coaching from their manager.

No compensation policies for employees aside from the legal compensations stipulated by the laws and the regulation are implemented.

14- CODE OF CONDUCT AND SOCIAL RESPONSIBILITY

CODE OF CONDUCT

The company activities are conducted pursuant to the code of conduct which is publicly disclosed via the corporate Website.

Our partner Deceuninck NV has also communicated its Corporate Code of Conduct which it had established in all its companies to our company's employees in 2004, and in new recruitments, these codes are signed and executed. The goal of the Corporate Code of Conduct is to set forth our commitment to high ethical standards and to reinforce the prompt and consistent actions to be taken to protect such standards. All employees undertake to comply with the high ethical and social standards of behavior as they pertain to the contents and essence of the document. Our company's code of conduct is disclosed to the public along with the activity reports and announced on our website.

SOCIAL RESPONSIBILITY

Our company's Izmir production facilities are certified since 2007 and our Kocaeli-Sarimeşe production facilities are certified since 2008 with respect to the TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management System and TS 18001 Occupational Health and Safety Management Systems Standards.

To this day, our company has not faced any claims or sanctions regarding environmental protection. It led its sector on a new subject in 2007 when it adopted the use of eco-friendly Calcium Zinc stabilizer instead of lead stabilizer. It recycles waste emerging at the production stage by 90% by using for its own production. Our company is not subject to emission permit. In our production facilities, which are not subject to emission permits, an important step has been taken to prevent air pollution by converting our heating system to natural gas. Our recyclable wastes are separated, collected, and given to licensed establishments to ensure that they are reused. Similarly, our hazardous wastes are given to licensed establishments, in order to ensure their disposal without harming the environment.

In our factories that are not subject to noise permit, the noise level is measured in the production site and its surrounding day and night in order to keep the noise levels within legal limits.

As far as our company is concerned, statutory behavioral standards are merely the minimum acceptable behavioral standards. We clearly have to comply with the law; however we strive for a higher standard. The spirit of our corporate code of conduct helps us all in the face of special circumstances. Thus, we must embrace the goal and spirit of our corporate code of conduct and consult the authorities when we are in doubt in terms of our choices in action.

Our company operates with the awareness of its social responsibilities in all of its activities and pays its due diligence in terms of complying with the environmental values.

No lawsuits have been brought against our company with regards to the damages caused to the environment.

PART 4 - THE BOARD OF DIRECTORS

15- THE STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors manages and represents the company by especially paying attention to the long-term interests of the company through strategic decisions it takes with a rational and prudent risk management approach in order to keep the risk, growth, and return balance of the company at the most appropriate level. The backgrounds of the members of our board of directors, along with the statements of independency made by our independent members are included in the activity report and in our corporate website.

It defines the strategic goals of the company, and determines the human and financial resources to be required by the company.

It supervises the compliance of our company activities with the articles of corporation, internal directives, and the policies established based on the regulations.

The area of operation, working principles, and the members of the committees to be constituted within the body of the Board of Directors are determined and announced to the public by the Board of Directors in accordance with the provisions of the Turkish Labor Law and the provisions of the Capital Market regulations.

Corporate policies and rules, which are required to be prepared pursuant to the Capital Market regulations, are prepared by the Board of Directors and when required, they are submitted for the information or approval of the General Assembly, and announced.

16- THE ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

According to our company's articles of corporation; the Board of Directors meetings may be held whenever required; also additionally, the administrative board is obligated to meet a minimum of four times a year within three months at the latest.

Members are invited to the meetings in written form by the secretariat of Head Office. Meeting agenda is set through the negotiations to be conducted between the Chairman of the Board of Directors and the members. The articles of corporation contain provisions concerning the validity of the decisions made by the Board of Directors and according to this, the Board of Directors convene with the majority of all members and makes the resolutions with the majority of the members in attendance.

The Members of the Board of Directors are always entitled to cast a negative vote and lodge a statement of opposition. The veto rights of the Members of the Board of Directors have not been regulated by the company's articles of corporation.

Prohibition of Competition and Transaction with the Company for the Board of Directors

Our company's articles of corporation do not contain any provisions regarding the prohibition of competition and operation with the company for the chairman and the members of the Board of Directors throughout the period and, without prior consent from the general assembly, they may not perform any transactions, whether personally or indirectly with the company, on behalf of or on account of themselves or others. Related provisions of the Turkish Commercial Code are applied when any such operation is detected.

During our company's General Assembly, the authorities and powers listed in the articles 395 and 396 of the TCC have been granted to the Members of the Board of Directors.

Throughout the year 2015, the members of the board of directors have not performed any transactions in connection with the company, and have not been engaged in any attempts that may compete against the company in its areas of activity.

A total of 30 Board meetings were held in the year 2015.

17- THE NUMBERS, STRUCTURES, AND THE INDEPENDENCY OF THE COMMITTEES ESTABLISHED WITHIN THE BODY OF THE BOARD OF DIRECTORS

The Board of Directors consists of minimum 5 (five) members to be elected by the general assembly among shareholders or externally within the limits of the provisions of the Turkish Commercial Code.

The Board of Directors is determined in manner that enables the members to perform efficient and constructive activities, reach quick and rational decisions while allowing the committees to be established and effectively organizing their efforts. The numbers, qualifications, and appointment procedures of non-executive and independent members to serve on the board of directors are determined in accordance with the relevant regulation provisions of the Capital Market and the regulations of the Capital Market Board regarding corporate governance. The Members of the Board of Directors are elected by the company's general assembly as per the provisions of the Capital Market Regulations, the Turkish Commercial Code, and the Company Articles of Corporation. As for independent members, any member whose tenure has ended may be re-elected provided that the capital market regulations are complied with.

The company is managed and represented by the Board of Directors.

The Members of the Board of Directors are elected for maximum period of three years. Any member whose tenure has ended may be re-elected. If a membership becomes vacant for any reason, the board of directors elects a person who fulfills the legal requirements as a temporary board member.

Any temporary member who is appointed thusly, continues to serve until the first general meeting and with the approval of the general assembly, completes the tenure of the previous member.

If a legal entity is elected as a member to the board of directors, a single natural entity, who was assigned by the legal entity, is registered and announced along with and on behalf of the legal entity; moreover, it is also promptly announced through the company website that the relevant registration and announcement have been completed. Only the aforementioned registered natural entity may participate and vote in meetings on behalf of the legal entity. It is obligatory for the Members of the Board of Directors and the natural entity to be registered on behalf of the legal entity and to be fully competent.

Following their election, the board members share tasks among themselves. Pursuant to an internal directive to be issued by the board of directors, management may be partly or wholly transferred to one or multiple members of the board or to a third person.

The Board of Directors may be convened for a meeting at the request of any member of the board or at any time by the chairman of the Board of Directors in his own capacity. However the Board of directors meets a minimum of 4 (four) times a year within three months at the latest. The Board of Directors convene with the majority of all members and makes the resolutions with the majority of the members in attendance.

The dates of the board of directors meetings are reported in written form to the members of the board of directors within a minimum of 10 (ten) business days in advance. A reasonable summary of the issues requested to be negotiated in the meeting and reports and other documents related to such issues (if any) are enclosed in such written notification.

Board meetings are conducted inside or outside of the country, at a place to be determined by the board of directors, in the English language. However, the minutes and resolutions of the board meetings are drafted in Turkish. The English translations of the resolutions made are also attached to the resolutions.

Pursuant to the article 1527 of the Turkish Commercial Code, those who are entitled to attend a meeting of the board of directors/board of managers may also attend such meetings via electronic media. The Company may establish an Electronic Meeting System to enable right holders to participate and vote in meetings electronically as per the provisions of the communiqué on Meetings to be Held in Trade Companies via Electronic Media, With The Exception of General Assemblies of Incorporated Companies, or may purchase a service among the systems established for this purpose.

The committees required to be set up within the scope of the company Board of Directors and Corporate Governance Principles consist of the following persons.

The Board of Directors

Tom A. Debusschere	Chairman of the Board of Directors
Ergün Çiçekci	Vice-Chairman of the Board of Directors
Wim Georges Clappaert	Member of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee Responsible for Auditing

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Yasemin Ünlü Romano	Member of the Board of Directors (Independent Member)

The Committee for The Early Detection of Risks

Marcel Klepfisch	Member of the Board of Directors (Independent Member)
Koen Kurt Vergote	Financial Analysis and Budget Director
Nurcan Güngör	Finance and Accounting Manager
Gülşah Karan	Finance Manager

The Corporate Governance Committee

Tom A. Debusschere	Chairman of the Board of Directors
Marcel Klepfisch	Member of the Board of Directors (Independent Member)

Auditing Committee, The Committee for the Early Detection of Risks and the Corporate Governance Committee convene once every three months and conducts its activities based on the commonly accepted principles, and aside from the aforementioned, there are no other written regulations indicating the procedures to be followed by them.

*At the meeting of the board of directors held on 08.03.2016, it was resolved to accept the resignation of Tom Anton Debusschere from the position of member and chairman of the board of directors and, appoint Francis Josef Willem Antoon Van Eeckhout, a Belgian citizen, to the position of chairman of the board of directors pursuant to article 363 of the Turkish Commercial Code, provided that this appointment shall be submitted to the first general meeting for approval, and the curriculum vitae of the said person is as follows.

18- RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The internal auditing unit of our partner Deceuninck Group conducts audits in accordance with the annual audit plans that are established on annual basis, and reports the findings obtained from the audits. The relevant audits are conducted with regards to the compliance of the activities and the operations performed with the statutory regulations or the company policies.

The internal auditing unit has communicated the findings of its audit conducted on 14 June 2014 and identified the areas to be developed. The action plans related to those areas of development have been promptly implemented. Items that are related to the monitoring of the findings have been included into the next year's audit plan.

Furthermore, with the periodic internal audits performed within our company, it is being inspected whether the requirements of the TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management and TS 18001 Occupational Health and Safety Management Systems are being fulfilled or not, and the improvement works are commenced if and when required.

Moreover, our company which strives for continuous improvement by using simple production techniques, measures the in-plant order and organization on a team basis through monthly performed 5S audits.

Our company's goal is offering a healthier and safer working environment to the employees working for or on behalf of the company, dealerships, visitors and suppliers and protecting the environment during the normal course of its activities. In this regards, it works with a continuous improvement philosophy which complies with the legal requirements related to occupational health, safety and environment. In addition to the consultancy services we are outsourcing from an Occupational Safety Consulting company we are employing an Occupational Safety Specialist within our company staff.

19-OUR COMPANY'S MISSION, VISION AND STRATEGIC OBJECTIVES

For a sustainable future,

Why? Our Main Objective;

Innovative and Pioneering

Our goal is to convey our knowledge and expertise to your residences and to increase the comfort of your lives with the support of our expert staff and by manufacturing high quality and innovative products. We are working intensely to protect your residences and your loved ones from the adverse external conditions and we are offering you our new products by keeping up with the state-of-the-art technologies. As the manufacturing, installation and maintenance of our systems are considerably simple, all our products are manufactured in a manner that would meet your highest expectations in order to achieve maximum customer satisfaction.

Ecology

Our goal is to support all our customers to ensure an efficient energy use in the construction of the structures. That's why all our products are well insulated, durable and low-maintenance. In order to preserve the nature's form, our products are manufactured to cause minimum ecological footprint and have a recyclable structure.

Design

Our goal is to help you express your own style in the architecture and improve the beauty of your living spaces. Our products have a timeless design which will meet your expectations with its wide range of colors including the colors of nature, and with its natural textured and unique surface finishes.

Our Employees and Customers

We create a transparent, honest and sincere work environment for all our employees and all our customers. In this way we establish long lasting relationships and keep employees' and customers' satisfaction at the highest levels. We place importance in quality, safety, environment and people, and we work with a team spirit.

How? Our Main Values

Integrity

We always tell the whole truth, and act frankly and sincerely throughout the entire communication process.

We provide direct and positive feedback in our relations with our cooperative partners.

We act together with our employees and partners with a team spirit.

When we take corrective and preventive actions, we admit our mistakes honestly and defend the truth to the end.

We say what we mean and we mean what we say. That's what makes us unique.

High Performance

Our performance is regularly measured by our personnel, our customers, the society and our shareholders. With our passion to reach excellence we endeavor in all our business processes for continuous growth, and we proceed on our path with success without deviating from our main goals, values and vision.

We do what we say, we share what we do; this sums up our sense of responsibility and discipline.

While aiming for high performance our priorities are always: Human, Environment, Quality, Service and Profit (HEQSP), in that order.

Profit is essential for a company to ensure its continuity.

During all stages of our business from production to after-sales period, we work to improve our performance every day.

Entrepreneurship

We are open to the world and to all ideas.

We recognize opportunities and we make use of them.

We create a trusting environment in terms of exercising authority, we anticipate the risks and manage all processes successfully by taking initiative.

We embrace the business as our own business.

We respect the decisions of all our employees, we encourage them to take responsibility and appreciate their efforts afterwards.

What? Our Passion

Our Culture

As a result of the corporate culture we've established, all our employees and partners end up being proud of working together. They perform their work in accordance with the principles of integrity, high performance and entrepreneurship.

Durable, Eco-Friendly Products

We strive to manufacture well-insulated, durable, high quality and recyclable products.

Leadership In The Industry

Our company is one of the leading organizations in its industry. It is among the top three companies with its broad market share. The basis for this achievement is high performance in quality and services and customer relations that are based on mutual trust.

A Powerful Financial Structure

Our company has a sustainable powerful financial structure. We transform all our activities to fiscal targets and successfully accomplish all of our goals.

20- FINANCIAL RIGHTS

An amount which is approved by the Board of Directors is paid to our company's Top Executives. Additionally, taking the financial performance of the Company and the executives' contributions to such performance into account, a premium may be paid to the Top Executives at the end of each year. While determining the "Top Executive Salary Policy" in our Company, the status of production and sales activities in the Company, the extent of the area of activity, the overseas operations, the number of employees, the level of expertise required to maintain the operations, the characteristics of the industry, competitive conditions and the salary level of the companies of similar nature are taken into consideration.

Salaries of the Top Executives are determined in accordance with administrative measures such as the knowledge, skills, level of experience, scope of responsibilities etc. required as per the variety and of volume operations in the Company. By this way, a salary system which is fair within the Company, and competitive in the market is established. All aspects related to the salary is personal and confidential. This information is only known by the employee himself/herself, his/her supervisors and the Human Resources Department. It is imperative for the employee to pay attention to the matter of confidentiality and to not to share such information with other Company Employees or third parties. Otherwise, disciplinary action is taken against said employee pursuant to the disciplinary provisions. As of the date 31 December 2015, the sum total of the salaries and similar benefits granted to the chairman and members of the Board of Directors and the top executives such as the general manager, general coordinator, deputy general managers, is 5.835.250.00 TL (December 31, 2014 - 4.370.860.82 TL).



EGEPEN DECEUNINCK

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